

STATE OF NORTH CAROLINA

File No.

21 CVS

Craven

County

In The General Court Of Justice

☐ District ☒ Superior Court Division

Name Of Plaintiff

NORTH BERKELEY DEVELOPMENT ASSOCIATES, LLC

Address c/o The Law Offices of Oliver & Cheek, PLLC
405 Middle Street

City, State, Zip

New Bern NC 28560

VERSUS

Name Of Defendant(s)

SELECTIVE INSURANCE GROUP, INC. and SELECTIVE
INSURANCE COMPANY OF SOUTH CAROLINA

CIVIL SUMMONS

☐ ALIAS AND PLURIES SUMMONS (ASSESS FEE)

G.S. 1A-1, Rules 3 and 4

Date Original Summons Issued

Date(s) Subsequent Summons(es) Issued

To Each Of The Defendant(s) Named Below:

Name And Address Of Defendant 1

Selective Insurance Company of South Carolina
c/o Corporation Service Company, Registered Agent
135 North Pennsylvania Street, Suite 1610
Indianapolis, IN 46204

Name And Address Of Defendant 2

**IMPORTANT! You have been sued! These papers are legal documents, DO NOT throw these papers out!**
You have to respond within 30 days. You may want to talk with a lawyer about your case as soon as possible, and, if needed, speak with someone who reads English and can translate these papers!**¡IMPORTANTE! ¡Se ha entablado un proceso civil en su contra! Estos papeles son documentos legales. ¡NO TIRE estos papeles!****Tiene que contestar a más tardar en 30 días. ¡Puede querer consultar con un abogado lo antes posible acerca de su caso y, de ser necesario, hablar con alguien que lea inglés y que pueda traducir estos documentos!**

A Civil Action Has Been Commenced Against You!

You are notified to appear and answer the complaint of the plaintiff as follows:

1. Serve a copy of your written answer to the complaint upon the plaintiff or plaintiff's attorney within thirty (30) days after you have been served. You may serve your answer by delivering a copy to the plaintiff or by mailing it to the plaintiff's last known address, and
2. File the original of the written answer with the Clerk of Superior Court of the county named above.

If you fail to answer the complaint, the plaintiff will apply to the Court for the relief demanded in the complaint.

Name And Address Of Plaintiff's Attorney (if none, Address Of Plaintiff)

The Law Offices of Oliver & Cheek, PLLC
George Mason Oliver, Esq.
405 Middle Street (PO Box 1548)
New Bern NC 28563

Date Issued

08-10-2021

Time

11:27

☒ AM ☐ PM

Signature

Michelle J. Dem

☒ Deputy CSC ☐ Assistant CSC ☐ Clerk Of Superior Court☐ ENDORSEMENT (ASSESS FEE)

This Summons was originally issued on the date indicated above and returned not served. At the request of the plaintiff, the time within which this Summons must be served is extended sixty (60) days.

Date Of Endorsement

Time

☐ AM ☐ PM

Signature

☐ Deputy CSC ☐ Assistant CSC ☐ Clerk Of Superior Court**NOTE TO PARTIES:** Many counties have **MANDATORY ARBITRATION** programs in which most cases where the amount in controversy is \$25,000 or less are heard by an arbitrator before a trial. The parties will be notified if this case is assigned for mandatory arbitration, and, if so, what procedure is to be followed.

(Over)

RETURN OF SERVICE

I certify that this Summons and a copy of the complaint were received and served as follows:

DEFENDANT 1

Date Served

Time Served

☐ AM ☐ PM

Name Of Defendant

- ☐ By delivering to the defendant named above a copy of the summons and complaint.
- ☐ By leaving a copy of the summons and complaint at the dwelling house or usual place of abode of the defendant named above with a person of suitable age and discretion then residing therein.
- ☐ As the defendant is a corporation, service was effected by delivering a copy of the summons and complaint to the person named below.

Name And Address Of Person With Whom Copies Left (if corporation, give title of person copies left with)

- ☐ Other manner of service (specify)

- ☐ Defendant WAS NOT served for the following reason:

DEFENDANT 2

Date Served

Time Served

☐ AM ☐ PM

Name Of Defendant

- ☐ By delivering to the defendant named above a copy of the summons and complaint.
- ☐ By leaving a copy of the summons and complaint at the dwelling house or usual place of abode of the defendant named above with a person of suitable age and discretion then residing therein.
- ☐ As the defendant is a corporation, service was effected by delivering a copy of the summons and complaint to the person named below.

Name And Address Of Person With Whom Copies Left (if corporation, give title of person copies left with)

- ☐ Other manner of service (specify)

- ☐ Defendant WAS NOT served for the following reason:

Service Fee Paid

\$

Signature Of Deputy Sheriff Making Return

Date Received

Name Of Sheriff (type or print)

Date Of Return

County Of Sheriff

STATE OF NORTH CAROLINA

File No.

21 CVS

Craven

County

In The General Court Of Justice

☐ District ☒ Superior Court Division

Name And Address Of Plaintiff 1

NORTH BERKELEY DEVELOPMENT ASSOCIATES, LLC
 c/o George M. Oliver, The Law Offices of Oliver & Cheek, PLLC
 405 Middle Street
 New Bern NC 28560

Name And Address Of Plaintiff 2

CRAVEN COUNTY, C.S. 63

BY: MD

GENERAL

CIVIL ACTION COVER SHEET

☒ INITIAL FILING ☐ SUBSEQUENT FILING

Rule 5(b) of the General Rules of Practice for the Superior and District Courts

VERSUS

Name And Address Of Defendant 1

SELECTIVE INSURANCE GROUP, INC.

40 Wantage Avenue

Branchville

NJ

07890

Summons Submitted

☒ Yes ☐ No

Name And Address Of Defendant 2

SELECTIVE INSURANCE COMPANY OF
SOUTH CAROLINA

135 North Pennsylvania Street, Suite 1610

Indianapolis

IN

46204

Summons Submitted

☒ Yes ☐ NoName And Address Of Attorney Or Party, If Not Represented
(complete for initial appearance or change of address)

George Mason Oliver, Esq.

405 Middle Street (28560)

PO Box 1548

New Bern

NC

28563

Telephone No.

252-633-1930

Cellular Telephone No.

NC Attorney Bar No.

26587

Attorney Email Address

george@olivercheek.com

☒ Initial Appearance in Case ☐ Change of Address

Name Of Firm

The Law Offices of Oliver & Cheek, PLLC

Fax No.

252-633-1950

Counsel For

☒ All Plaintiffs ☐ All Defendants ☐ Only: (list party(ies) represented)☒ Jury Demanded In Pleading ☐ Complex Litigation ☐ Stipulate to Arbitration

TYPE OF PLEADING

(check all that apply)

- ☐ Amend (AMND)
☐ Amended Answer/Reply (AMND-Response)
☐ Amended Complaint (AMND)
☐ Assess Costs (COST)
☐ Answer/Reply (ANSW-Response) (see Note)
☐ Change Venue (CHVN)
☒ Complaint (COMP)
☐ Confession Of Judgment (CNFJ)
☐ Consent Order (CONS)
☐ Consolidate (CNSL)
☐ Contempt (CNTP)
☐ Continue (CNTN)
☐ Compel (CMPL)
☐ Counterclaim (CTCL) Assess Court Costs
☐ Crossclaim (list on back) (CRSS) Assess Court Costs
☐ Dismiss (DISM) Assess Court Costs
☐ Exempt/Waive Mediation (EXMD)
☐ Extend Statute Of Limitations, Rule 9 (ESOL)
☐ Extend Time For Complaint (EXCO)
☐ Failure To Join Necessary Party (FJNP)

- ☐ Failure To State A Claim (FASC)
☐ Implementation Of Wage Withholding In Non-IV-D Cases (OTHR)
☐ Improper Venue/Division (IMVN)
☐ Including Attorney's Fees (ATTY)
☐ Intervene (INTR)
☐ Interplead (OTHR)
☐ Lack Of Jurisdiction (Person) (LJPN)
☐ Lack Of Jurisdiction (Subject Matter) (LJSM)
☐ Modification Of Child Support In IV-D Actions (MSUP)
☐ Notice Of Dismissal With Or Without Prejudice (VOLD)
☐ Petition To Sue As Indigent (OTHR)
☐ Rule 12 Motion In Lieu Of Answer (MDLA)
☐ Sanctions (SANC)
☐ Set Aside (OTHR)
☐ Show Cause (SHOW)
☐ Transfer (TRFR)
☐ Third Party Complaint (list Third Party Defendants on back) (TPCL)
☐ Vacate/Modify Judgment (VCMD)
☐ Withdraw As Counsel (WDCN)
☐ Other (specify and list each separately)

NOTE: All filings in civil actions shall include as the first page of the filing a cover sheet summarizing the critical elements of the filing in a format prescribed by the Administrative Office of the Courts, and the Clerk of Superior Court shall require a party to refile a filing which does not include the required cover sheet. For subsequent filings in civil actions, the filing party must include either a General Civil (AOC-CV-751), Motion (AOC-CV-752), or Court Action (AOC-CV-753) cover sheet.

CLAIMS FOR RELIEF

- | | | |
|--|--|---|
| <input type="checkbox"/> Administrative Appeal (ADMA) | <input type="checkbox"/> Limited Driving Privilege - Out-Of-State Convictions (PLDP) | <input type="checkbox"/> Product Liability (PROD) |
| <input type="checkbox"/> Appointment Of Receiver (APRC) | <input type="checkbox"/> Medical Malpractice (MDML) | <input type="checkbox"/> Real Property (RLPR) |
| <input type="checkbox"/> Attachment/Garnishment (ATTC) | <input type="checkbox"/> Minor Settlement (MSTL) | <input type="checkbox"/> Specific Performance (SPPR) |
| <input type="checkbox"/> Claim And Delivery (CLMD) | <input type="checkbox"/> Money Owed (MNYO) | <input checked="" type="checkbox"/> Other (specify and list each separately) |
| <input type="checkbox"/> Collection On Account (ACCT) | <input type="checkbox"/> Negligence - Motor Vehicle (MVNG) | Breach of Contract; Unfair and Deceptive Trade Practices (N.C.G.S. § 75-1.1 et. seq.); Declaratory Judgment; Common Law Bad Faith |
| <input type="checkbox"/> Condemnation (CNDM) | <input type="checkbox"/> Negligence - Other (NEGO) | |
| <input checked="" type="checkbox"/> Contract (CNTR) | <input type="checkbox"/> Motor Vehicle Lien G.S. Chapter 44A (MVLN) | |
| <input type="checkbox"/> Discovery Scheduling Order (DSCH) | <input type="checkbox"/> Possession Of Personal Property (POPP) | |
| <input type="checkbox"/> Injunction (INJU) | | |

Date

08/06/2021

Signature Of Attorney/Party

FEES IN G.S. 7A-308 APPLY

Assert Right Of Access (ARAS)
Substitution Of Trustee (Judicial Foreclosure) (RSOT)
Supplemental Procedures (SUPR)

PRO HAC VICE FEES APPLY

Motion For Out-Of-State Attorney To Appear In NC Courts In A Civil Or Criminal Matter (Out-Of-State Attorney/Pro Hac Vice Fee)

No. ☐ Additional Plaintiff(s)

No. ☐ Additional Defendant(s)

☐ Third Party Defendant(s)

Summons Submitted

☐ Yes ☐ No

☐ Yes ☐ No

☐ Yes ☐ No

☐ Yes ☐ No

☐ Yes ☐ No

Plaintiff(s) Against Whom Counterclaim Asserted

Defendant(s) Against Whom Crossclaim Asserted

STATE OF NORTH CAROLINA
CRAVEN COUNTY

FILED

THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

2021 AUG -6 A 11: 27

FILE NO.: 21-CVS-_____

NORTH BERKELEY DEVELOPMENT
ASSOCIATES, LLC

CRAVEN COUNTY, C.S.C.

21CV501103

Plaintiff,

v.

SELECTIVE INSURANCE
GROUP, INC., and
SELECTIVE INSURANCE COMPANY
OF SOUTH CAROLINA,

Defendants.

VERIFIED COMPLAINT AND
JURY TRIAL DEMAND

COMPLAINT

Plaintiff North Berkeley Development Associates, LLC ("North Berkeley" or "Plaintiff"),
by and through its undersigned counsel, alleges as follows:

PARTIES, JURISDICTION, AND VENUE

1. The Plaintiff is a North Carolina Limited Liability Company organized and existing under the law of the State of North Carolina, with its principal place of business located in Craven County, North Carolina.

2. Upon information and belief, Defendant Selective Insurance Company of South Carolina ("SICSC") is an Indiana corporation with its principal place of business located at 900 E 96th Street, Suite 400, Indianapolis, Indiana.

3. Upon information and belief, Defendant Selective Insurance Group, Inc ("SIG") is a New Jersey corporation with its principal place of business located at 40 Wantage Avenue; Branchville, New Jersey 07890 (SICSC and SIG are collectively referred to as "Defendants").

4. Upon information and belief, SIG is a holding company for ten property and casualty insurance companies, including SICSC.

5. Upon information and belief, SIG's policies are underwritten by SICSC.

6. Upon further information and belief, SICSC is and was at all times relevant to this action an affiliated company of SIG.

7. This court has jurisdiction over the subject matter of this action pursuant to Section 7A-243 of the North Carolina General Statutes.

8. This court has jurisdiction over the Defendants pursuant to Section 1-75.4 of the North Carolina General Statutes.

9. This Court is the proper venue for this action pursuant to Sections 1-80 and 1-82 of the North Carolina General Statutes.

FACTUAL ALLEGATIONS

10. This is an insurance coverage action in which Plaintiff seeks relief under its commercial, wind insurance policy purchased from Defendants, based on Defendants' failure to honor their contractual obligations.

11. Plaintiff owns two commercial retail properties commonly known as 1310 Parkway Drive, Goldsboro, North Carolina ("1310 Property") and 1312 Parkway Drive, Goldsboro, North Carolina ("1312 Property") (hereinafter the 1310 Property and 1312 Property may collectively be referred to as the "Properties").

12. SICSC sold North Berkeley Policy No. S2003458 (the "Policy") for the policy period of December 1, 2017 through December 1, 2018, A true and complete copy of the Policy is attached hereto as **Exhibit A**.

13. The Policy identifies the 1310 Property as Prem. No. 1 and identifies the 1312 Property as Prem. No. 2.

14. The Policy contains the following coverage for the 1310 Property:

- a. Limit of Insurance \$7,437,534;
- b. Utility Services Limit of \$100,000.

15. The Policy contains the following coverage for the 1312 Property:

- a. Limit of Insurance \$1,047,540;
- b. Utility Services Limit of \$100,000.

16. The Policy contains the following pertinent coverage for the Properties:

- a. Additional Costs Limit of \$25,000;
- b. Pollutant Clean Up and Removal – Business Income of 25,000;
- c. Debris Removal – Additional Limit of \$250,000;

- d. Personal Effects – per Occurrence Limit of \$25,000;
- e. Outdoor Property Limit of \$100,000.

17. On or about September 14, 2018 (the “Date of Loss”), Hurricane Florence made landfall in Eastern North Carolina, where Plaintiff’s Properties are located. The Properties were damaged by high-speed winds and rainfalls during Hurricane Florence.

18. Among other damage, Hurricane Florence’s high-speed winds caused damage to the 1312 Property’s roof, flashings, and canopies that in turn led to water intrusion and resulted in damage to the interior areas, including but not limited to damage to the ceiling, walls, and insulation of several units.

19. Plaintiff timely notified Defendants of the damage caused to the Properties during Hurricane Florence. Defendants assigned Plaintiff’s claim the Claim Number 21906407 (the “Claim”).

20. Upon information and belief, Ronald Rudow (“Mr. Rudow”) is and was at all times relevant to this action served as the Claim adjuster and agent of the Defendants.

21. On or about September 21, 2018, a claim adjuster, Thomas Schamens (“Mr. Schamens”), on behalf of Defendants, inspected the Properties.

22. In his inspection report dated September 26, 2018, Mr. Schamens noted the Properties suffered wind damage to the roofing, siding, cap flashing, and metal flashing (the “September 2018 Inspection Report”).

23. The September 2018 Inspection Report determined the cost to repair the wind damage was less than the deductible and no payment was issued. A true and correct copy of the September 2018 Inspection Report is attached hereto as **Exhibit B**.

24. On or about October 21, 2018, representatives from Carolina Foam Insulation, Inc. (“Carolina Foam”), the company Plaintiff used to maintain the Properties’ roofs for more than two decades prior to the Date of Loss, inspected the Properties’ roofs, and provided Plaintiff with recorded observations of damage resulting from Hurricane Florence and an initial invoice for roof repairs (the “Carolina Foam Summary”). The Carolina Foam Summary is attached hereto as **Exhibit C**.

25. Among other observations included in the Carolina Foam Summary, Carolina Foam determined the Properties had suffered wind-created openings, including but not limited to “[a] puncture in roof membrane” and “[a] door blown off allowing rain water to enter store.”

26. On or about June 12, 2020, Plaintiff, through counsel, sent a letter of representation to Defendants and requested a complete file for Plaintiff's Claim.

27. On or about June 30, 2020, Michael Lester, P.E., C.F.E.I. ("Mr. Lester") of Element Analytical, PLLC ("Element Analytical") and Ray Neelon ("Mr. Neelon") of Neelon R. Associates, LLC, a public adjuster serving as a consultant on Plaintiff's Claim, inspected the Properties.

28. In his report dated September 24, 2020, Mr. Lester provided Plaintiff with recorded observations of damage to the Properties (the "Element Analytical Report").

29. Among other observations included in the Element Analytical Report, were determinations that "windborne debris impact" caused damage to the 1312 Property and "dislodged a section of flashing."

30. In his report dated October 13, 2020, Mr. Neelon determined the cost to repair the damage to the 1312 Property to be Three Million Eight Hundred Twenty Four Thousand Five Hundred Twelve and 50/100 Dollars (\$3,824,512.50) (the "2020 Neelon Report").

31. On or about October 19, 2020, Plaintiff's counsel sent a letter to Defendants explaining Mr. Schamens' inspection of the properties erroneously found the damage to the Properties amounted to only Five Hundred Eighty Three and 33/100 Dollars (\$583.33) (the "October 2020 Claim Letter"). The October 2020 Claim Letter included the Elemental Analytical Report, Carolina Foam Summary, additional invoices from Carolina Foam, and the 2020 Neelon Report and requested a net claim payment of Three Million Eight Hundred Twenty Four Thousand Five Hundred Twelve and 50/100 Dollars (\$3,824,512.50). A true and accurate copy of the October 2020 Claim Letter is attached hereto as **Exhibit D**.

32. Upon information and belief, Defendants retained Greg Beste of J.S. Held to conduct a site examination which was completed on or about December 15, 2020 (the "JSH Report"). A true and accurate copy of the JSH Report is attached hereto as **Exhibit E**.

33. In a letter dated December 29, 2020, Defendants denied Plaintiff's Claim based upon policy exclusions and limitations including alleged wear and tear, deterioration, and alleged inadequate maintenance to the Properties (the "December 29, 2020 Partial Denial Letter"). A true and accurate copy of the December 29, 2020 Partial Denial Letter is attached hereto as **Exhibit F**.

34. The JSH Report evaluated only the 1312 Property and concluded in part that: “water infiltration on the walls that divide the units was related to ...detailing,” “water infiltration along with rear...was related to the gutter,” “moisture...was related to the HVAC equipment,” and that the source of “punctures ca[u]sed by wind-borne debris impacts...could not be confirmed.”

35. On or about March 8, 2021, Mr. David V. Day, DFE (“Mr. Day”) of CASA Engineering, LLC (“CASA”) conducted an engineering evaluation and roof damage assessment on the Properties. At the conclusion of his evaluation, Mr. Day issued a report dated March 22, 2021 (the “CASA Report”).

36. The CASA Report concluded, in part, that “there is physical and historical data that supports the fact that wind damage occurred at the property...which allowed water to get below the membrane and damage insulation board” and that “there is substantial evidence of wind damage to the roof.” In the CASA Report, Mr. Day further concluded “[JS] Held and Element [Analytical] failed to observe the multiple coating breaches to the CMU coating. This allowed wind driven rain to enter through the exposed CMU permeable wall surface.”

37. On or about May 18, 2021, H2 Contracting, LLC provided Plaintiff an estimate in the amount of Two Hundred Twenty Eight Thousand Three Hundred Eighty and 00/100 Dollars (\$228,380.00) to Plaintiff as to the amount needed to restore the interior of the 1312 Property (the “H2 Contracting Estimate”).

38. On or about June 2, 2021, Mr. Neelon revised his report and estimated the cost to repair the wind damage to the Properties to be One Million Six Hundred Fifty Nine Thousand Five Hundred Sixty Four and 30/100 Dollars (\$1,659,564.30) (the “2021 Neelon Report”).

39. On or about June 4, 2021, Plaintiff’s counsel again sent a letter to Defendants which provided the CASA Report, H2 Contracting Estimate, and 2021 Neelon Report (the “June 2021 Claim Letter”). The June 2021 Claim Letter requested a net claim payment of One Million Six Hundred Sixty Two Thousand Sixty Four and 30/100 Dollars (\$1,662,064.30). A true and accurate copy of the June 2021 Claim Letter is attached hereto as **Exhibit G**.

40. On June 25, 2021, having received no response from Defendants, Plaintiff’s counsel sent a follow-up letter to Mr. Rudow requesting an update as to the status of Plaintiff’s Claim and advised he would initiate a lawsuit against Defendants related to North Berkeley’s Claim if the Claim was not resolved by July 10, 2021.

41. On or about July 6, 2021, Mr. Rudow emailed Plaintiff's counsel requesting an extension beyond July 10, 2021 to resolve the Claim.

42. In an email to Mr. Rudow on July 7, 2021, Plaintiff's counsel requested clarification on the length of the Defendants' requested extension to resolve the Claim.

43. On July 8, 2021, Mr. Rudow informed Plaintiff's counsel that Defendants requested an additional sixty (60) days to resolve the Claim.

44. On the same date, Plaintiff's counsel replied to Mr. Rudow stating the deadline to resolve Plaintiff's Claim would be extended to July 31, 2021.

45. On August 3, 2021, Plaintiff's counsel emailed Mr. Rudow requesting the status of the Plaintiff's Claim. To date no further response has been received from Defendants.

FIRST CLAIM FOR RELIEF

Breach of Contract

46. Plaintiff repeats and re-alleges the foregoing paragraphs as if fully incorporated herein.

47. The Policy constitutes a valid contract of insurance between Plaintiff and Defendants.

48. The terms and conditions of the Policy were triggered by the damages suffered at Plaintiff's Properties during and as a result of Hurricane Florence's high-speed winds and rain.

49. Plaintiff has performed all of its duties consistent with the terms and conditions of the Policy, including without limitation the duty to maintain the 1312 Property and pay the requisite policy premiums.

50. Plaintiff and its representatives have properly documented and submitted information to Defendants to substantiate the damage suffered at the 1312 Property.

51. Defendants have wrongly refused to cover property damage suffered by Plaintiff as a result of Hurricane Florence.

52. As a result of Defendants' breach of contract, Plaintiff has suffered and continues to suffer substantial damages, the final amount of which will be ascertained at trial.

SECOND CLAIM FOR RELIEF

Unfair and Deceptive Trade Practices

(N.C.G.S. § 75-1.1 et. seq.)

53. Plaintiff repeats and re-alleges the foregoing paragraphs as if fully incorporated herein.

54. The North Carolina General Statutes declares unlawful: “unfair methods of competition in or affecting commerce, and unfair or deceptive practices in or affecting commerce”. N.C.G.S. § 75-1.1(a).

55. Defendants have engaged in unfair and/or deceptive practices in the handling of Plaintiffs Claim.

56. The act of selling and issuing insurance policies for profit, along with the interactions between Plaintiff and Defendants related thereto, constitutes a business activity in or affecting commerce pursuant to N.C.G.S. § 75-1.1(b).

57. Defendants have engaged in unfair and deceptive practices in the business of insurance as defined by N.C.G.S. § 58-63-15, which includes but is not limited to:

- a. Failing to adopt and/or implement reasonable standards for the prompt investigation of claims arising under the Policy, including failure to properly review the maintenance of the roof of the 1312 Property, the regular maintenance performed at the 1312 Property generally, or the damage caused by Hurricane Florence;
- b. Refusing to pay Plaintiff's Claim without conducting a reasonable investigation based upon all available information including failure to properly review and consider the maintenance of the roof of the 1312 Property, the regular maintenance performed at the 1312 Property generally, or the damage caused by Hurricane Florence's high-speed winds;
- c. Failing to attempt in good faith to effectuate prompt, fair and equitable settlement of the Claim in which liability has become reasonably clear, by improperly classifying damage from storm-created openings resulting from Hurricane Florence as being due to wear and tear, deterioration, or a failure to maintain the 1312 Property;

d. Compelling Plaintiff to institute litigation by paying nothing (\$0.00) to Plaintiff under the Policy -- substantially less than the actual amounts ultimately needed to repair the 1312 Property to pre-Hurricane Florence condition; and

e. Attempting to settle the Claim for less than the amount to which a reasonable man would have believed he was entitled.

58. Defendants' failure to make timely payments to Plaintiff according to the terms and obligations of the Policy, including but not limited to those actions provided above, are the direct and proximate cause of damage to Plaintiff.

59. Defendants' actions, including but not limited to those provided above, are the direct and proximate cause of additional consequential damages resulting from Plaintiff not being able to fully and completely repair damage to the 1312 Property resulting in ongoing, further damage.

60. Plaintiff is entitled to recover treble damages and reasonable attorneys' fees and expenses pursuant to N.C.G.S. §§ 75-16 and 75-16.1. Treble damages are pled in the alternative to punitive damages pursuant to Count Four: Common Law Bad Faith.

THIRD CLAIM FOR RELIEF

Declaratory Judgment

61. Plaintiff repeats and re-alleges the foregoing paragraphs as if fully incorporated herein.

62. Defendants have refused to pay Plaintiff for its Claim related to damage from Hurricane Florence.

63. Defendants denied coverage of Plaintiff's Claim based upon the allegation that damage occurred as a result of wear and tear, long term deterioration, and failure to maintain the 1312 Property.

64. Defendants continue to assert that no coverage exists due to wear and tear and long term deterioration of the 1312 Property, in spite of Plaintiff providing documentation of storm-created openings and damage caused by Hurricane Florence, which includes documentation of the 1312 Property's maintenance and roof replacement prior to Hurricane Florence.

65. By reason of the foregoing, an actual and justiciable controversy exists between Plaintiff and Defendants regarding whether Defendants can apply wear and tear/deterioration exclusions to refuse to pay Plaintiff's Claim.

FOURTH CLAIM FOR RELIEF

Common Law Bad Faith

66. Plaintiff repeats and re-alleges the foregoing paragraphs as if fully incorporated herein.

67. Defendants have refused to pay any part of Plaintiff's Claim.

68. Defendants have acted in bad faith and their actions are not based on honest disagreement or innocent mistake.

69. Defendants have engaged in aggravating and outrageous conduct in their handling of Plaintiff's Claim, including their complete denial of Plaintiff's Claim in spite of documented damage caused by Hurricane Florence on the Date of Loss.

70. Defendants have acted oppressively, willfully, and wantonly, by showing a conscious and intentional disregard for and indifference to Plaintiff's rights to be promptly and fully compensated for damage covered under the Policy.

71. Defendants' bad faith conduct includes, without limitation:

a. Failing to pay Plaintiff's Claim upon receipt of the claim documentation from Plaintiff; and

b. Failing to properly review documentation provided by Plaintiff.

72. By reason of Defendants' bad faith conduct, Plaintiff is entitled to recover all of its damages, including incidental, consequential, and compensable damages, along with punitive damages in an amount to be determined at trial and as permitted under North Carolina law. Punitive damages are plead in the alternative to treble damages pursuant to Count Two: Unfair and Deceptive Trade Practices, N.C.G.S. § 75-1.1, et, seq.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff requests that this Court:

1. Enter judgment on Count One in favor of North Berkeley against Defendants for damages in an amount in excess of Twenty-Five Thousand Dollars (\$25,000.00) to be more particularly determined at trial, including compensatory damages, consequential damages, reasonable attorneys' fees, costs, and such other relief as the Court may deem appropriate;

2. Enter judgment on Count Two in favor of the North Berkeley against Defendants for damages in the amount to be trebled and for reasonable attorneys' fees and expenses pursuant

to North Carolina General Statutes Chapter 75, Article 1, Sections 75-1.1(a) et. seq., 75-16 and 75-16.1;

3. Enter a judicial declaration on Count Three: Declaratory Judgment, that Defendants have wrongfully denied Plaintiff's Claim under the Policy;


4. Enter judgment on Count Four in favor of North Berkeley and against Defendants and award damages, including all incidental, consequential and compensable damages, plus punitive damages in the maximum amount permissible under North Carolina law; and

5. On all Counts, award such other and further relief as this Court deems just and proper.

JURY TRIAL DEMAND

North Berkeley hereby demands trial by jury of any and all issues so triable.

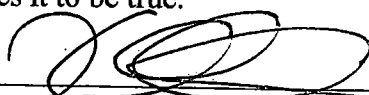
This the 6th day of August, 2021.



GEORGE MASON OLIVER
NC State Bar No. 26587
Email: george@olivercheek.com
The Law Offices of Oliver & Cheek, PLLC
PO Box 1548
New Bern, NC 28563
Telephone: (252) 633-1930
Facsimile: (252) 633-1950
Attorney for the Plaintiff

VERIFICATION

HUBERT TOLSON, III, first being duly sworn, deposes and says that he is authorized to execute this Verification on behalf of North Berkeley Development Associates, LLC, the Plaintiff in this action; that he has read the foregoing Verified Complaint, and knows the contents thereof, and that the same is true of his own knowledge, except as to the matters therein stated upon information and belief, and as to those, he believes it to be true.



Hubert G. Tolson, III

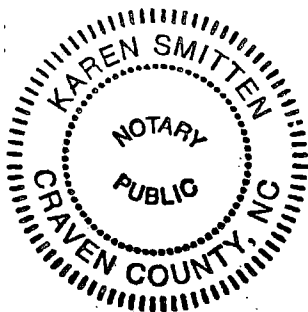
I, Karen Smitten, a Notary Public of Craven County, State of North Carolina, do hereby certify that HUBERT G. TOLSON, III (the "Signatory") personally appeared before me this day and acknowledged the execution of the foregoing instrument.

I certify that the Signatory personally appeared before me this day and (check one of the following)

- ☒ I have personal knowledge of the Signatory; or
☐ I have seen satisfactory evidence of the Signatory's identity by a current state or federal identification with the Signatory's photograph in the form of:
 ☐ a driver's license or
 ☐ in the form of _____; or
☐ a credible witness has sworn to the identity of the Signatory.

The Signatory acknowledged to me that she has voluntarily signed the foregoing document for the purpose stated therein and, in the capacity, indicated.

Sworn and subscribed before me this 6th day of August, 2021.



Karen Smitten
Notary Public

Printed Name: Karen Smitten
My Commission expires: 9/6/2024

EXHIBIT A



POLICY DOCUMENT

S 200345806

INSURED 'S COPY

IMPORTANT NOTICE OF COVERAGE REDUCTIONS

Form IL 89 48 01 00 - EXCLUSION - LEAD HAZARD has been added to the policy.

It is applicable to:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
GARAGE COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK DEPARTMENT OF TRANSPORTATION

Form **IL 89 48 01 00** clarifies policy intent to specifically exclude coverage for any injuries or damage arising out of:

- the ingestion, inhalation, absorption or presence of lead in any form; and
- any loss, cost or expense arising out of any orders by or on behalf of any governmental authority to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize lead in any form.

Please read form **IL 89 48 01 00** carefully and discuss any questions with your agent.

Facts

Regarding

Premium

Audits

To Our Policyholder:

Your policy has been issued with an estimated premium. At the expiration of the policy, either a company representative (Premium Auditor) will contact you or you will receive a written request for information. In either case, the information you provide will be used to determine the final premium under the policy. **Please note that only those policies containing one or more class codes that are rated on an auditable premium basis (such as payroll, receipts/sales, total cost or admissions), are subject to a premium audit.**

Insurance Costs can be minimized by proper record keeping. Frequently exposures can be assigned to lower rated classifications provided this information is obtainable using **your records**. During the final audit, the Premium Auditor will work with you towards this goal of helping you to minimize your insurance costs.

For Businesses Other Than Contractors:

1. The basis of premium used to determine your policy premium may be payroll, receipts or sales, total cost or admissions. These are defined as follows:

A. Payroll:

The total remuneration for services rendered by an employee includes (a) lodging, (b) bonuses, (c) commissions, (d) vacation, holiday, & sick days, (e) standard overtime. Under the General Liability Coverage, payroll does not include (a) payroll of clerical employees (b) salesmen who are away from the premises (c) drivers. Remuneration *excludes* tips.

B. Receipts/Sales:

The gross amount of money charged for goods or products sold, operations performed, rentals, and dues or fees.

This flier provides only a general overview of premium audit procedures. It is not intended to describe specific coverages afforded by any insurance policy.

We recommend that you examine, in detail, any policy offered to you.

For more information, contact your local Selective agent.

C. Total cost

Total cost of all work let or sublet in connection with each specific project including (a) cost of all labor materials & equipment (b) all fees, bonuses & commissions.

D. Admissions:

The total number of persons, other than employees, admitted to the event insured or to events conducted on the premises whether on paid admissions, tickets, complimentary tickets or passes.

2. In the event commissions or monies are paid to persons you consider to be independent contractors, i.e., Real Estate Salesmen, Insurance Salesmen, Restaurant and/or Nite Club Entertainers, Taxi-Cab operators and others in this category, **please inform your agent immediately.**
3. If you are an Executive Officer and covered under the policy, there may be a payroll or salary limitation. There also is a minimum amount to be charged should you not draw a salary, or draw less than this minimum.

Considerations For Contractors

1. Most Workers~ Compensation Laws provide that the General or Principal Contractor shall be responsible for the workers~ compensation insurance to employees of sub-contractors, except for any subcontractors who have insured their compensation obligation and have furnished to the contractor satisfactory evidence of such insurance. Satisfactory evidence is a {Certificate of Insurance} with dates corresponding to the time worked for the contractor. These should be retained to show the Premium Auditor.

2. The manual rules permit division of payroll for each separate and distinct operation provided separate records of payroll are maintained and the division is not contrary to classification restrictions.

Note: This rule is very important since those operations which can be classified using this rule, can be used only when separate records of payroll are maintained. Without the proper record keeping, the highest rated classification applying to the job will be used.

3. General Liability-Divers~ payroll is to be excluded in computing premiums for this coverage. For the purposes of this rule, Mobile Equipment Operators are not considered in this category, i.e., their payroll is included and assigned to the classification in which they are engaged.
4. Products and Completed Operations Coverage under General Liability-Mechanical Contractors, i.e., Air Conditioning, Heating, Plumbing and Refrigeration, can minimize their insurance premium costs by keeping separate records on the outright sale and/or cost of units and equipment (for plumbing-appliances and fixtures). Again, one can see the importance of record keeping

IMPORTANT NOTICE TO POLICYHOLDERS

NORTH CAROLINA FLOOD INSURANCE NOTICE

NO COVERAGE IS PROVIDED BY THIS POLICYHOLDER NOTICE NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISION OF YOUR POLICY. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS NOTICE, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

The North Carolina Department of Insurance has requested the North Carolina Insurance Underwriting Association, the North Carolina Joint Underwriting Association, and all property and casualty companies to advise their policyholders that the Commercial Property Policy or MerchantsPro Businessowners Policy does not provide coverage for floods. You will not have coverage for property damage from floods unless you take steps to purchase a separate policy of flood insurance.

This Notice does not expand or increase coverage in any Commercial Property or MerchantsPro Businessowners policy or endorsement. That policy and accompanying endorsements remain subject to all exclusions, limitations and conditions.

If you would like more information about obtaining flood insurance, please contact the Selective Insurance Flood Department at (877)348-0552.

IN 00 76 07 00

IMPORTANT NOTICE

FUNGI OR BACTERIA EXCLUSION

This notice has been prepared in conjunction with the implementation of changes to your policy. It contains a brief synopsis of any significant restrictions and clarifications of coverage that were made in each policy form and endorsement.

Please read your policy, and the endorsements attached to your policy, carefully.

CG 21 67 — Fungi or Bacteria Exclusion (Commercial General Liability Coverage Part)

When this endorsement is attached to your policy:

- coverage is restricted to exclude bodily injury or property damage arising, directly or indirectly, out of any fungi, including but not limited to mold, or bacteria on or in a building or structure. This exclusion applies whether or not any other cause, event, material or product contributed in any sequence to the injury or damage.
- coverage is clarified to exclude personal and advertising injury arising, directly or indirectly, out of any fungi, including but not limited to mold, or bacteria on or in a building or structure. This exclusion applies whether or not any other cause, event, material or product contributed in any sequence to the injury.
- coverage is restricted to exclude clean-up costs associated with fungi or bacteria.

The exclusion does not apply to fungi or bacteria intended for consumption, such as mushrooms.

IMPORTANT NOTICE

FUNGI OR BACTERIA EXCLUSION

This notice has been prepared in conjunction with the implementation of changes to your policy. It contains a brief synopsis of any significant restrictions and clarifications of coverage that were made in each policy form and endorsement.

Please read your policy, and the endorsements attached to your policy, carefully.

CXL 383 07 02 — Fungi or Bacteria Exclusion (Commercial Umbrella Liability Coverage)

When this endorsement is attached to your policy:

- coverage is clarified to exclude bodily injury or property damage arising, directly or indirectly, out of any fungi, including but not limited to mold, or bacteria on or in a building or structure. This exclusion applies whether or not any other cause, event, material or product contributed in any sequence to the injury or damage.
- coverage is clarified to exclude clean-up costs associated with fungi or bacteria.

The exclusion does not apply to fungi or bacteria intended for consumption, such as mushrooms.

IMPORTANT NOTICE REGARDING AGENT COMPENSATION

We sell our insurance products and services through appointed independent insurance agencies and agents ("Agent" or "Agents"). Because Agents also generally represent several of our competitors, our primary marketing strategy is to:

- Develop close relationships with each Agent by (i) soliciting their feedback on products and services, (ii) advising them concerning company developments, and (iii) investing significant time with them professionally and socially; and
- Develop with each Agent, and then carefully monitor, annual goals regarding (i) types and mix of risks placed with us, (ii) amounts of premium or numbers of policies placed with us, (iii) customer service levels, and (iv) profitability of business placed with us.

We pay Agents commissions and other consideration for business placed with us (and we do not authorize our Agents to receive other monies for our insurance). We seek to compensate our Agents fairly and in a way consistent with market practices.

Our Agent compensation programs may include one or more of the following depending on the Agent's overall business relationship with us:

- **Commission Payments.** We pay commission based on a percentage of the premium the policyholder pays. The amount of commission varies depending on policy type, state location of risk, and other factors.
- **Additional Commission Payments.** We may pay additional and varying percentages of premium for attainment of certain goals we set with the Agent, including:
 - **Profitability**, which we determine by comparing losses and expenses to premium;
 - **Volume**, which is the amount of premium written with us;
 - **Growth and Retention**, which we measure by comparing premium volume or number of policies for overall or specific types of policies; or
 - **Annual Plan Performance**, which we measure according to performance standards determined by us and the Agent.

In certain cases, an Agent may put additional commissions at risk and become obligated to pay us amounts if certain goals are not met.

- **Expense Reimbursement.** We may reimburse certain marketing and other expenses incurred for placing business with us.
- **Entertainment and Other Things of Value.** We may entertain or provide other things of value, including travel and gratuities, to Agents who we believe provide exceptional value to our policyholders and shareholders.
- **Business Production Incentive Programs.** We may provide Agents or their employees opportunities to receive additional compensation (cash or contest prizes) for certain activities or tasks, such as placing specific types of policies with us or inputting data through one of our technology systems.

- **Loss Control Agreements.** We may pay Agents a flat fee or a percentage of commission for safety and loss control surveys, inspections, accident or claim investigations.
- **Agent Stock Purchase Plan.** Certain of our Agents participate in a stock purchase plan that allows those Agents to purchase common stock in Selective Insurance Group, Inc. at a 10% discount to market and requires those agents to hold the stock for at least one year before they can transfer it.

As supporters of the independent insurance agency distribution system, we may provide Agents from time-to-time with tools and programs designed to preserve and strengthen the independent agency distribution system, including assistance with producer recruitment and/or training, loans, or loan guarantees. These tools and programs, which may be experimental, are provided to assist our Agents in the perpetuation of robust independent insurance agencies and are not conditioned on the imposition of extraordinary current or future production conditions.

We also distribute our insurance products to a limited extent through select insurance brokers which we compensate with some of the same compensation tools we use for Agents. If you have engaged a broker to place insurance with us, please ask the broker if any of the above described compensation arrangements are in effect with us.

Please direct questions regarding specific compensation to your Agent.

IMPORTANT NOTICE TO POLICYHOLDERS EQUIPMENT BREAKDOWN COVERAGE JURISDICTIONAL INSPECTION SERVICE

This notice is an advisory notice and is not a part of your policy. For complete information on all coverages, terms, conditions and exclusions, please review your policy. If there is any conflict between your policy and this notice, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

This Selective Insurance policy includes equipment breakdown coverage. The Hartford Steam Boiler Inspection and Insurance Company (HSB) is an equipment specialist working with Selective Insurance to provide equipment related inspection services. Our combined goal is to provide the highest quality insurance program and services that will help you protect your equipment and your business.

There may be laws or regulations in your city, county or state that require periodic boiler inspections. The scope of the laws may also include air conditioning systems, refrigeration systems and pressure vessels. Most Jurisdictional Authorities charge a fee for both the inspection and the certificate. HSB will perform the inspection for you as an integral part of your insurance program. The certificate fee or any fine levied by the Jurisdiction for not complying with the laws or regulations, is not a part of this service.

If you answer yes to any of the following questions, you may require a certificate inspection. Contact the HSB Inspection Hotline and the customer service representative will assist you.

- Does my location contain any heating or process boilers?
- Does my location have any large hot water heaters (200,000+ btu/hr)?
- Does my location contain any pressure vessels (air tanks, hot water storage tanks)?
- Does my location have a central air conditioning system?

HSB INSPECTION HOTLINE

Telephone: 1-800-333-4677

Fax: 1-484-582-1811

E-mail: NSCINSP_HOTLINE@hsb.com

Please provide the following information:

- Policy Number
- Insured Name
- Location Name and Address
- Contact Name and Phone Number

IN 01 99 04 06

IMPORTANT NOTICE TO POLICYHOLDERS

NORTH CAROLINA FLOOD, MUDSLIDE, MUDFLOW AND LANDSLIDE LOSSES NOT COVERED

COMMERCIAL PROPERTY MERCHANTSPRO COMMERCIAL OUTPUT PROGRAM

NO COVERAGE IS PROVIDED BY THIS POLICYHOLDER NOTICE NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISION OF YOUR POLICY. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS NOTICE, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

THE FOLLOWING WARNING IS PROVIDED IN ACCORDANCE WITH NORTH CAROLINA LAW.

WARNING: THIS PROPERTY INSURANCE POLICY DOES NOT PROTECT YOU AGAINST LOSSES FROM FLOODS, MUDSLIDES, MUDFLOWS, OR LANDSLIDES. YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING COVERAGE FOR THESE LOSSES. THIS IS NOT A COMPLETE LISTING OF ALL OF THE CAUSES OF LOSSES NOT COVERED UNDER YOUR POLICY. YOU SHOULD READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT IS COVERED AND WHAT IS NOT COVERED.

RECORDS INFORMATION RESOURCES

IntelliCorp[®] is a subsidiary of Insurance Services Office, Inc. ("ISO") and a nationwide provider of background checks and public records information. As a Selective insured, you can receive discounted access to IntelliCorp's repository of nationwide criminal records and other public information. IntelliCorp's services can help you protect against costly hiring and recruiting mistakes and the risk of theft, employee or volunteer misconduct, litigation or negative publicity.

Package Price: \$16.00 Includes:

Validated Criminal Database includes Validated Nationwide Sex Offender and Validated Department of Correction; Unlimited Single County Searches (7 year address history)*; SSN Verification w/Address History; Government Sanctions (Terrorist Search).

Notes: *Some courts charge a mandatory fee. These are treated as pass-through fees to Intellicorp's clients and are clearly highlighted before processing the search.

— All activation and monthly fees will be waived.

Package Add-Ons

Choose from a variety of supplemental screening services, which can be combined with your package or ordered individually. Just some of the products available include Motor Vehicle Reports, Employment Verifications, Education Verifications, Drug Testing, I9, E-Verify, Credit Reports and Civil Searches.

Service Access: To register for an IntelliCorp account, visit www.intellicorp.net and click "Register Today". Input your organization's information and enter **SELECTIVE** in the 'Promotional Code' box. You will be required to provide business or organizational verification documentation as part of the registration process.

"IntelliCorp" is a registered trademark of and the services described herein are exclusively furnished by IntelliCorp Records, Inc., 3000 Auburn Drive, Suite 410, Beachwood, Ohio 44122, 800-539-3717. NOT ALL REPORTS LISTED ARE AVAILABLE FOR ALL JURISDICTIONS. Intellicorp offers services in addition to those provided at the Selective insured discounted rate. For more information concerning IntelliCorp's products and standard costs, visit www.intellicorp.net.

As a condition of your discounted service access as a Selective insured, your usage of IntelliCorp's services and handling, maintenance and destruction of all reports obtained must be in compliance with applicable federal, state and local regulations and IntelliCorp's service agreement.

Selective is not affiliated with, does not endorse, makes no representations or guarantees about the quality of, and is not in any way responsible for IntelliCorp's services. To the extent any warranties may be deemed to exist, SELECTIVE EXPRESSLY DISCLAIMS ANY AND ALL SUCH WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. Selective recommends that you consult with an attorney prior to acting upon information obtained from IntelliCorp. By purchasing the Selective Discounted Background Check Package you agree to indemnify, defend and hold harmless Selective, its affiliates, employees, directors, officers, agents, shareholders and representatives from and against any and all claims, actions, costs, expenses, losses, and liabilities, without limit, that arise out of your use of information obtained from IntelliCorp.

Selective, at any time and in its sole discretion, may discontinue your discounted services access without advance notice.

Please refer to the actual policies for full details of policy coverage, exclusions, limits of liability, issuing company and other terms and conditions. The availability of coverage varies by jurisdiction and insurer. Insurance is underwritten by the member insurers of Selective Insurance Group, Inc., 40 Wantage Avenue, Branchville, NJ 07890, 1-800-777-9656, www.selective.com. Selective's insurers include: Selective Insurance Company of America, Selective Insurance Company of New England, Selective Insurance Company of New York, Selective Insurance Company of South Carolina, Selective Insurance Company of the Southeast, Selective Way Insurance Company and Selective Auto Insurance Company of New Jersey.

IMPORTANT NOTICE TO POLICYHOLDERS

COMMERCIAL PROPERTY INSURANCE TO VALUE

NO COVERAGE IS PROVIDED BY THIS POLICYHOLDER NOTICE NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISION OF YOUR POLICY. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS NOTICE, THE PROVISION OF THE POLICY SHALL PREVAIL.

REGARDING BUILDING INSURANCE TO VALUE

The replacement cost for building(s) insured on this policy is an estimated replacement cost based on general information about your building(s). It is developed from models that use estimated cost of construction materials and estimated labor rates for like buildings in the area. The actual cost to replace your building(s) may be significantly different. Selective Insurance does not guarantee that this figure will represent the actual cost to replace your building(s). You are responsible for selecting the appropriate amount of coverage and you may obtain your own insurance replacement cost appraisal. Additional information you obtain on the replacement cost of your building(s) can further assist you in making a more informed decision about the true value of your building(s). Selective Insurance will consider and accept, if reasonable, your appraisal. Any higher coverage amounts selected will result in higher premiums. You may contact your insurance agent to assist you in obtaining your own insurance replacement cost appraisal or contact one of the numerous companies providing insurance replacement cost appraisals for commercial buildings.

REGARDING BUSINESS PERSONAL PROPERTY INSURANCE TO VALUE

The replacement cost for your Business Personal Property insured on this policy is based on values provided by you. You are responsible for selecting the appropriate amount of coverage to ensure adequate replacement cost values.

IMPORTANT NOTICE TO POLICYHOLDERS

THIS NOTICE DESCRIBES CHANGES IN YOUR INSURANCE POLICY. THIS NOTICE IS NOT PART OF YOUR POLICY. FOR COMPLETE INFORMATION ON ALL COVERAGES, TERMS, CONDITIONS, AND EXCLUSIONS, PLEASE REVIEW YOUR POLICY AND ITS COVERAGE SUMMARY. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

Your equipment breakdown (boiler and machinery) coverage has been changed to our new Equipment Breakdown Form. Please note the following differences between the old form and the new updated form:

BROADENINGS

- **Service Interruption** — The requirement that there be a contractual agreement between you and your supplier has been removed. Equipment that is owned by a landlord's utility has also been added. A waiting period no longer applies.
- **Animals** — Equipment Breakdown now covers loss to animals caused by a breakdown if the animals are killed or their destruction is necessary. The animals must either be owned by others and boarded by you or owned by you and held as "stock" and located inside the insured building. The policy provides coverage up to \$250,000 unless otherwise shown.

OTHER CHANGES

- **Service Interruption** — Although not excluded equipment previously, overhead transmission lines are specifically mentioned as equipment that would be covered.

Previously, a 24 hour qualifying waiting period applied to service interruption and then any loss was subject to the applicable deductible. That has been replaced with a minimum 24 hour deductible for business income loss that results from a service interruption. Your deductible may be the same as it was on the previous Equipment Breakdown Coverage Form, or it may have gone up or down.

- **"Covered Equipment"** — now excludes "buried vessels or piping" vs. "underground vessels or piping".
- Equipment Breakdown now specifically excludes misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance. Although not previously excluded, the requirement of an "accident" as defined existed; therefore, the intent has not changed.

NOTICE TO POLICYHOLDERS POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE WHEN TERRORISM COVERAGE IS ACCEPTED

This Notice has been prepared in conjunction with the **POTENTIAL** implementation of changes related to coverage of terrorism under your policy.

The Terrorism Risk Insurance Act established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. That Program is subject to a termination date of December 31, 2014 unless extended by the federal government. If the federal Program terminates, or is extended with certain changes prior to or during the term of your policy, then the treatment of terrorism under your policy will change. This Notice is being provided to you for the purpose of summarizing potential impact on your coverage. The summary is a brief synopsis of significant exclusionary provisions and limitations.

This Notice does **not** form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

Carefully read your policy, including the endorsements attached to your policy.

YOUR POLICY DURING TENURE OF THE TERRORISM RISK INSURANCE PROGRAM AS THAT PROGRAM EXISTS PURSUANT TO THE TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2007:

Except as described below, this policy does not contain a terrorism exclusion. However, the policy contains an endorsement under which coverage for "certified acts of terrorism" (which is more fully defined in the endorsement but involves an act of terrorism certified by the federal government to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act) is subject to a limit on our liability pursuant to the federal Terrorism Risk Insurance Act. Further, the absence of a terrorism exclusion does not create coverage for any loss that would otherwise be excluded under the policy, such as losses excluded by the nuclear hazard or war exclusions.

POTENTIAL CHANGE TO YOUR POLICY:

Endorsement IL 09 95 is attached to your policy. Its provisions become applicable to your policy only if certain events (one or more of them) occur. Those events include the following:

- If the federal Terrorism Risk Insurance Program (TRIP) terminates with respect to the type of insurance provided under this policy. (TRIP is/was scheduled to terminate at the end of December 31, 2014 unless extended by the federal government.); or
- If TRIP is extended with changes that redefine terrorism, and we are not required to make such revised coverage available to you; or
- If TRIP is extended with changes that make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other events or occurrences under this policy, and we are not required to make such revised coverage available to you; or
- If TRIP is extended with changes that increase insurers' statutory percentage deductible under TRIP for terrorism losses, or decrease the federal government's statutory percentage share in potential terrorism losses, and we are not required to make terrorism coverage available to you. Our deductible is 20% of the total of our previous year's direct earned premiums. The government's share is 85% of the terrorism losses paid by us above the deductible.

Endorsement IL 09 95 treats terrorism as follows:

Coverage for loss or damage arising out of a terrorism incident is excluded only if:

- The total of all insured damage to all types of property (including business interruption losses sustained by owners or occupants of damaged property), from the incident, exceeds \$25 million. The \$25 million property damage threshold is based on losses sustained by all persons and entities who are affected by an incident of terrorism, and who are insured for the damage, or who would be insured but for a terrorism exclusion. To determine whether the threshold for property damage (\$25 million) is exceeded, multiple incidents of terrorism which occur within a seventy-two hour period and appear to be linked together or have a related purpose or common leadership behind them shall be considered to be one incident of terrorism; or
- The terrorism event involves nuclear materials or results in nuclear reaction or radiation or radioactive contamination; or
- The terrorism event involves the release of radioactive material, and it appears that one purpose of the terrorism was to release such material; or
- The terrorism event is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- The terrorism event involves the release of pathogenic or poisonous biological or chemical materials, and it appears that one purpose of the terrorism was to release such materials.

The Exception Covering Certain Fire Losses applies only in certain states. If the exception applies in any states under your policy, that is indicated in the Schedule of the terrorism endorsement. If the Exception applies, the Schedule indicates the affected types of insurance in affected states. When the Exception applies, the exclusion of terrorism does not apply to direct loss or damage by fire to Covered Property, with respect to affected types of insurance in affected states.

See the definition of terrorism for purposes of the terrorism exclusion.

POLICYHOLDER DISCLOSURE NOTICE OFFER OF TERRORISM INSURANCE COVERAGE AND REJECTION FORM — EFFECTIVE UNTIL REVOKED

Offer of Coverage:

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from “acts of terrorism”, as defined in Section 102(1) of the Act. The term “act of terrorism” means any act or acts that are certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security, and the Attorney General of the United States - to be an “act of terrorism”; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You may accept or reject insurance coverage for losses resulting from certified “acts of terrorism”.

- If you accept this offer of coverage simply pay your billed premium, which includes the amount shown below. You do not need to do anything else.
- If you would like to reject this coverage, please see the section of this form entitled Rejection of Terrorism Insurance Coverage and follow the instructions. Even if you reject this coverage, state law prohibits us from excluding fire losses resulting from an “act of terrorism”. Therefore, the terrorism exclusion we place on your policy will contain an exception for fire losses resulting from an “act of terrorism”. The additional premium for such fire losses resulting from an “act of terrorism” is shown below. **Please note that if you reject coverage for losses resulting from certified “acts of terrorism”, we will not provide coverage on renewals of this policy unless you ask us for coverage in the manner set forth in our “Offer of Terrorism Insurance Coverage When Terrorism Insurance Coverage Was Previously Rejected” form, which will be attached to renewals of this policy.**

Disclosure of Premium:

The portion of your annual premium that is attributable to coverage for “acts of terrorism” is \$872.00 and does not include any charges for the portion of loss that may be covered by the federal government under the Act.

The premium for terrorism (fire only) coverage is \$412.00 and is due regardless of whether you reject coverage for certified “acts of terrorism”.

Please be aware that even if you purchase coverage for losses resulting from certified “acts of terrorism”, your policy will still contain other policy terms, conditions, limitations and exclusions that may impact whether coverage is available in the event of a loss resulting from a certified “act of terrorism”.

Federal Participation in Payment of Terrorism Losses:

You should know that where coverage is provided by this policy for losses resulting from certified "acts of terrorism", such losses may be partially reimbursed by the United States Government under a formula established by federal law. Under the formula, the United States Government generally reimburses the following percentages of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage:

- a. 85% through 2015;
- b. 84% beginning on January 1, 2016;
- c. 83% beginning on January 1, 2017;
- d. 82% beginning on January 1, 2018;
- e. 81% beginning on January 1, 2019;
- f. and 80% beginning on January 1, 2020.

Cap on Insurer Participation in Payment of Terrorism Losses:

You should also know that the Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits United States Government reimbursement as well as insurers' liability for losses resulting from certified "acts of terrorism" when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

Rejection of Terrorism Insurance Coverage:

You may reject this offer of coverage by checking the box, filling in the information below, signing and returning this form to your agent. If you choose to reject this offer of coverage, we will add an exclusionary endorsement to your policy to eliminate coverage for losses resulting from certified "acts of terrorism".

Rejection of Coverage - Effective Until Revoked

☐

I HAVE READ THIS FORM IN ITS ENTIRETY AND DO NOT WANT TO PURCHASE COVERAGE FOR CERTIFIED "ACTS OF TERRORISM". I UNDERSTAND THAT THIS REJECTION IS EFFECTIVE UNTIL I AFFIRMATIVELY REVOKE IT IN THE MANNER SET FORTH IN SELECTIVE'S "OFFER OF TERRORISM INSURANCE COVERAGE WHEN TERRORISM INSURANCE COVERAGE WAS PREVIOUSLY REJECTED" FORM, AND THAT IF I SIGN THIS FORM THIS POLICY AND ANY RENEWALS WILL EXCLUDE COVERAGE FOR LOSSES RESULTING FROM CERTIFIED "ACTS OF TERRORISM".

Policyholder/Applicant's Signature

Print Name

Title

Date

SELECTIVE INSURANCE COMPANY OF SOUTH CAROLINA

Insurance Company

S 2003458

Policy or Quote Number

IMPORTANT NOTICE TO POLICYHOLDERS

COMMERCIAL PROPERTY COVERAGE PART MULTISTATE REVISION OF FORMS AND ENDORSEMENTS

Thank you for choosing Selective to provide for your insurance needs.

THIS NOTICE IS A SUMMARY OF THE MAJOR CHANGES IN YOUR COMMERCIAL PROPERTY INSURANCE. THIS NOTICE IS NOT PART OF YOUR POLICY AND DOES NOT PROVIDE COVERAGE. FOR COMPLETE INFORMATION ON ALL COVERAGE, TERMS, CONDITIONS AND EXCLUSIONS, PLEASE REVIEW YOUR POLICY AND ITS DECLARATIONS PAGE. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF THE POLICY WILL GOVERN.

The areas within the policy that broaden or reduce coverage, and other changes, are highlighted below. This notice does not reference every editorial change made in your policy.

The material in this notice makes reference to form and endorsement numbers; **however, not all forms and endorsements are included in a particular policy.**

COVERAGE FORMS, CAUSES OF LOSS FORMS AND RELATED ENDORSEMENTS

1. BROADENINGS IN COVERAGE

- **Debris Removal (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)**

The additional Limit of Insurance for debris removal expense is increased from \$10,000 to \$25,000. (That additional limit may apply when basic coverage for debris removal expense is exhausted or inapplicable.)

Further, coverage for debris removal is expanded to include the expense of removing debris of certain property of others. The total expense for all debris removal is subject to the limitations stated in the policy concerning amount of coverage, including the aforementioned additional Limit of Insurance. However, when no Covered Property sustains direct physical loss or damage, coverage for the removal of debris of others' property is limited to \$5,000.

The Outdoor Property Coverage Extension is revised to include debris removal expense for trees, shrubs and plants that are the property of others, except trees, shrubs and plants owned by the landlord of an insured tenant.

Related change: Debris Removal Additional Insurance Endorsement **CP 04 15** makes reference to the policy's aforementioned limit of \$25,000.

- **Extended Business Income, Extended Period Of Indemnity (CP 00 30, CP 00 32)**

The number of days' coverage under the Extended Business Income provision is increased from 30 to 60 days. Accordingly, the Extended Period Of Indemnity option, if applicable, is revised to begin after 60 days.

- **Coverage Radius For Business Personal Property And Personal Property Of Others (CP 00 10, CP 00 18, CP 00 99, CP 17 98)**

These forms are revised to extend coverage for business personal property and personal property of others to such property when located within 100 feet of the building or 100 feet of the described premises, whichever distance is greater.

- **Property In Storage Units (CP 00 10, CP 00 17, CP 00 18, CP 00 99)**

A Coverage Extension for Business Personal Property Temporarily In Portable Storage Units is introduced. Under this Coverage Extension, a 90-day coverage period is provided for business personal property temporarily stored in a portable storage unit located within 100 feet of the described premises, subject to a sub-limit of \$10,000 regardless of the number of storage units.

- **Entrusted Property (CP 10 30)**

In the Causes Of Loss - Special Form **CP 10 30**, the exclusion of dishonest or criminal acts is revised to distinguish between those who have a role in the insured's business (partners, managers, employees, etc.) and others to whom property may be entrusted (a category that includes tenants and bailees, for example). With respect to the latter category, the exclusion is narrowed to apply only to theft. Further, the exception to the exclusion (which enables coverage for acts of destruction) is revised to extend applicability to authorized representatives.

- **Vegetated Roofs (CP 00 10, CP 00 17, CP 00 20, CP 00 70, CP 00 99, CP 10 10, CP 10 20, CP 10 30, CP 11 99)**

Property Not Covered is revised to make an exception for lawns, trees, shrubs and plants which are part of a vegetated roof, thereby treating such property as an insured part of the building, so that an existing vegetative roof can be replaced with like kind in the event of a loss, subject to policy terms and certain limitations. Accordingly, lawns, trees, shrubs and plants which are part of a vegetated roof are no longer covered under the more limited Outdoor Property Coverage Extension.

- **Electronic Data In Building Equipment (CP 00 10, CP 00 17, CP 00 18, CP 00 30, CP 00 32, CP 00 40, CP 00 50, CP 00 70, CP 00 99)**

The property damage and related Coverage Forms (**CP 00 10, CP 00 17, CP 00 18, CP 00 40, CP 00 70, CP 00 99**) are revised to remove the \$2,500 limitation on electronic data with respect to loss or damage to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system. Coverage for such electronic data will be considered part of the coverage on the building. Further, under property damage forms, the \$2,500 limitation will no longer apply to stock of prepackaged software. Coverage for prepackaged software will be subject to the Limit of Insurance otherwise applicable to such personal property.

The business interruption Coverage Forms (**CP 00 30, CP 00 32, CP 00 50**) are revised so that the \$2,500 limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system. A business interruption caused by loss or damage to such electronic data will be subject to the coverage otherwise applicable to a covered business interruption.

- **Specified Causes Of Loss - Water Damage (CP 10 30)**

Coverage for water damage under the definition of "specified causes of loss" is expanded to include accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of certain off-premises systems due to wear and tear.

2. REDUCTIONS IN COVERAGE

- If your policy contains a \$250 deductible for the Building and/or Business Personal Property coverage, the deductible is increased to \$500.

- **Newly Acquired Property (CP 00 10, CP 00 17, CP 00 18, CP 00 99, CP 17 98)**

Under the Newly Acquired Property Extension, the provision which extends an additional Limit of Insurance to newly acquired business personal property at the described premises is removed. There is no change to the coverage for newly acquired business personal property at newly acquired locations or at newly constructed or acquired buildings at the described location.

3. OTHER CHANGES

- **Earth Movement (CP 00 70, CP 00 99, CP 10 10, CP 10 20, CP 10 30)**

The Earth Movement Exclusion now makes explicit reference to earth movement caused by an act of nature or otherwise caused. In addition, the term earthquake now incorporates tremors and aftershocks.

With respect to coverage for Volcanic Action (which is a limited exception to the exclusion of volcanic eruption), all such eruptions that occur within any 168-hour period constitute a single occurrence.

- **Fire Department Service Charge (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)**

The Fire Department Service Charge Coverage is revised to specify that the amount of such coverage (\$1,000 or a designated higher limit) applies to each premises described in the Declarations. Further, the language of the coverage provision is revised to make it explicit that the designated limit applies regardless of the number of responders or the number or type of services performed.

- **Business Personal Property And Personal Property Of Others In Described Structures (CP 00 10, CP 00 17, CP 00 18, CP 00 99, CP 17 98, CP 17 99)**

The coverage provisions for Your Business Personal Property and Personal Property Of Others are revised to make it explicit that such property is covered when located in the building or structure described in the Declarations.

- **Coverage Radius With Respect To Business Interruption (CP 00 30, CP 00 32, CP 00 50)**

In part, the coverage criteria for business interruption coverage relate to loss or damage to personal property in the open or in a vehicle within a certain distance from the described premises. The language relating to the coverage radius is revised to achieve more similarity between the radius outlined for insureds who are occupants of the entire premises and those who occupy only a part of the premises, and to use terminology similar to that used in property damage forms.

- **Water Exclusion (CP 00 70, CP 00 99, CP 10 10, CP 10 20, CP 10 30)**

The Water Exclusion provided by Endorsement **CP 10 32** is incorporated into the aforementioned forms. As a result, Endorsement **CP 10 32** is no longer added to the policy.

- **Ordinance Or Law Exclusion (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 30, CP 00 32, CP 00 50, CP 00 70, CP 00 80, CP 00 99, CP 10 10, CP 10 20, CP 10 30)**

The language of the Ordinance Or Law Exclusion, which relates to enforcement of an ordinance or law, is revised to also refer to compliance with an ordinance or law.

Similar references are revised in the policy's Increased Cost Of Construction (ICC) Additional Coverage, Loss Payment and Valuation Conditions, and Replacement Cost Optional Coverage, and in the Period of Restoration definition in the business interruption forms. Further, the ICC coverage grant is revised to explicitly refer to compliance with the minimum standards of an ordinance or law.

- **Risk Of Loss (CP 00 70, CP 10 30)**

The term "risk of" is removed from the provisions related to insured perils in the Mortgageholders Errors And Omissions Coverage Form **CP 00 70** and the Causes Of Loss - Special Form **CP 10 30**.

- **Miscellaneous Changes**

Editorial changes were made to various forms. The revisions are summarized below:

- Condominium Association Coverage Form **CP 00 17** is revised to include a definition of "stock", which is "merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping".
- Standard Property Policy **CP 00 99** is revised to replace the term "Coverage" with the term "policy" in the Concealment, Misrepresentation Or Fraud Additional Condition.
- Causes Of Loss - Basic Form **CP 10 10** and Causes Of Loss - Broad Form **CP 10 20** are revised to specify that words and phrases which appear in quotation marks have special meaning and to refer to the Definitions section.

OTHER ENDORSEMENTS

1. BROADENINGS IN COVERAGE

- **Increase In Rebuilding Expenses Following Disaster (Additional Expense Coverage On Annual Aggregate Basis) Endorsement CP 04 09**

This new endorsement provides limited coverage for the situation in which the cost of repair/replacement of property exceeds the Limit of Insurance due to increases in the cost of labor and/or materials following a disaster.

- **Dependent Properties - Business Interruption (CP 15 01, CP 15 02, CP 15 08, CP 15 09, CP 15 34)**

Under the following revised endorsements, secondary contributing locations and secondary recipient locations are covered if so indicated in the Schedule of the endorsement. Such locations are defined in the endorsement.

- **CP 15 01** - Business Income From Dependent Properties - Limited International Coverage
- **CP 15 02** - Extra Expense From Dependent Properties - Limited International Coverage

- **CP 15 08 - Business Income From Dependent Properties - Broad Form**
- **CP 15 09 - Business Income From Dependent Properties - Limited Form**
- **CP 15 34 - Extra Expense From Dependent Properties**
- **Discharge From Sewer, Drain Or Sump (Not Flood-related) Endorsement CP 10 38**
This new endorsement covers discharge of water or waterborne material from a sewer, drain or sump located on the described premises.
- **Theft Of Building Materials And Supplies (Other Than Builders Risk) Endorsement CP 10 44**
This new endorsement extends coverage to encompass theft of building materials and supplies that are located on or within 100 feet of the premises when such property is intended to become a permanent part of the building or structure.
- **Condominium Commercial Unit-owners Optional Coverages Endorsement CP 04 18**
This endorsement is revised to provide the means for selecting a limitation (sub-limit) over \$1,000 for assessments that result from a deductible in the insurance purchased by the condominium association. Coverage is broadened if a sub-limit over \$1,000 is entered in the Schedule of the endorsement.
- **Utility Services - Time Element Endorsement CP 15 45**
This endorsement is revised to provide the means to select a new category of utility service: wastewater removal property. With respect to the coverage provided under this endorsement, wastewater removal property is a utility system for removing wastewater and sewage from the described premises, other than a system designed primarily for draining storm water.
- **Food Contamination (Business Interruption And Extra Expense) Endorsement CP 15 05**
This new endorsement covers certain extra expenses and business income losses arising out of food contamination. Separate limits apply to advertising expense and all other coverages under the endorsement. These limits apply on an annual aggregate basis.

2. REDUCTIONS IN COVERAGE

- **Deductibles By Location Endorsement CP 03 29**
This new endorsement provides for selected deductibles to apply at each designated building or designated location that has sustained loss or damage. Thus, under this endorsement, multiple deductibles would apply in the event of an occurrence that affects multiple buildings or locations. Under the prior policy, the applicable deductible applied once per occurrence regardless of the number of buildings or locations involved in the loss occurrence (except with respect to special deductibles such as wind or earthquake percentage deductibles, if any).
- **Limitations On Coverage For Roof Surfacing Endorsement CP 10 36**
This new endorsement includes provisions for covering roof surfacing at actual cash value on a building otherwise subject to replacement cost valuation, and for excluding cosmetic damage by wind to roof surfacing. One or both of these limitations may be indicated on the Schedule of the endorsement.

3. OTHER CHANGES

- **Business Income Report/Worksheet CP 15 15**
This endorsement is revised to recognize that the revised policy now provides 60 days of Extended Business Income Coverage.
- **Outdoor Trees, Shrubs And Plants Endorsement CP 14 30**
This endorsement is revised to specify that the applicable Limit of Insurance for loss or damage to outdoor trees, shrubs and plants includes debris removal expense. Accordingly, the endorsement states that the Outdoor Property Coverage Extension and Debris Removal Additional Coverage do not apply to property covered under **CP 14 30**; such provision avoids duplication of coverage.

- **Exclusion Of Loss Due To By-products Of Production Or Processing Operations (Rental Properties) Endorsement CP 10 34**

This new endorsement, which applies to policies issued to owners and tenants of rental premises, reinforces that property damage and business interruption coverages do not apply to loss or damage to the described premises caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the rental units identified in the Schedule of the endorsement. But loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation is not excluded.

- **Radio Or Television Antennas - Business Income Or Extra Expense Endorsement CP 15 50**

In the list of forms to which **CP 15 50** applies, reference to the Earthquake Form is removed. Since earthquake coverage is now provided by endorsing the Causes Of Loss Form (Basic, Broad or Special), it is no longer necessary for **CP 15 50** to include reference to the Earthquake Form.

- **Utility Services - Overhead Transmission Lines (CP 04 17, CP 15 45)**

Endorsements **CP 04 17** Utility Services - Direct Damage and **CP 15 45** Utility Services - Time Element are revised to make it explicit that transmission lines include all lines which serve in the transmission of power or communication service, including lines which may be identified as distribution lines.

- **Ordinance Or Law Coverage (CP 04 05, CP 04 38, CP 15 25, CP 15 31)**

The coverage grant of Endorsement **CP 04 05** Ordinance Or Law Coverage is revised to remove reference to enforcement of an ordinance or law, in favor of referring to a requirement to comply with an ordinance or law. The same revision is made to Endorsement **CP 04 38** Functional Building Valuation, which incorporates ordinance or law coverage. In addition, references are added to compliance with an ordinance or law in Endorsements **CP 15 25** Business Income Changes - Educational Institutions (in the Period of Restoration definition) and **CP 15 31** Ordinance Or Law - Increased Period Of Restoration.

- **Building Glass - Tenant's Policy Endorsement CP 14 70**

This endorsement is revised to add a line item for a deductible in the Schedule of the endorsement. A deductible will apply to building glass coverage only if a deductible amount is entered in the Schedule.

- **Theft Exclusion Endorsement CP 10 33**

This endorsement is revised to include a Schedule to facilitate display of the location(s) to which the exclusion applies.

- **Dependent Properties - Business Interruption (CP 15 01, CP 15 02, CP 15 08, CP 15 09, CP 15 34)**

The definition of dependent property excludes various utility providers; the list of utilities is updated to make reference to wastewater removal services. With respect to business interruption coverage, loss caused by interruption in utility service is addressed in Endorsement **CP 15 45**. Refer to the item titled Utility Services - Time Element Endorsement **CP 15 45**.

- **Payroll Limitation Or Exclusion Endorsement CP 15 10**

This endorsement is revised to provide the means to limit or exclude coverage for the payroll expense of any category of employee or individual employee. Since applicability of the endorsement will no longer be restricted to nonmanagerial employees, the term "ordinary payroll expense" and its definition are removed from the endorsement. In addition, the title of the endorsement is revised to remove the word "Ordinary".

- **Earthquake Sprinkler Leakage Deductible**

CP 10 40 Earthquake And Volcanic Eruption Endorsement and **CP 10 45** Earthquake And Volcanic Eruption Endorsement (Sub-Limit Form) are revised to specify that the Earthquake percentage deductible does not apply when Earthquake Coverage is limited only to Earthquake Sprinkler Leakage (EQSL) Coverage. Instead, the deductible for Fire Coverage applies to EQSL Coverage.

- **Protective Safeguards**

Endorsement **CP 04 11** Protective Safeguards replaces **IL 04 15** Protective Safeguards. The new endorsement contains the same provisions as **IL 04 15** and adds a symbol and description to recognize hood-and-duct fire extinguishing systems.

- **Windstorm Or Hail Percentage Deductible Endorsement CP 03 21**

Paragraph **D.1.** of this endorsement is editorially revised.

NOTICE OF CHANGE IN POLICY TERMS

Following are the material changes which reduce or eliminate coverage on the renewal policy:

- If your policy contains a \$250 deductible for the Building and/or Business Personal Property coverage, the deductible is increased to \$500.
- **Newly Acquired Property (CP 00 10, CP 00 17, CP 00 18)**

Under the Newly Acquired Property Extension, the provision which extends an additional Limit of Insurance to newly acquired business personal property at the described premises is removed. There is no change to the coverage for newly acquired business personal property at newly acquired locations or at newly constructed or acquired buildings at the described location.

Insurance is provided by the Company designated on the Declarations Page of this policy. The addresses of all Selective Insurance Companies are shown below:

Selective Insurance Company of America
40 Wantage Avenue
Branchville, NJ 07890

Selective Way Insurance Company
40 Wantage Avenue
Branchville, NJ 07890

Selective Insurance Company of South Carolina
11711 North Meridian Street, Suite 800
Carmel, IN 46032

Selective Insurance Company of New York
300 Olympic Towers
300 Pearl Street
Buffalo, NY 14202

Selective Insurance Company of the Southeast
11711 North Meridian Street, Suite 800
Carmel, IN 46032

Selective Insurance Company of New England
40 Wantage Avenue
Branchville, NJ 07890

Administrative Offices of all Selective Insurance Companies are located at:
40 Wantage Avenue
Branchville, NJ 07890

NOTICE OF INFORMATION PRACTICES (LONG FORM)

MISC-798 06 01

Your application or information you provide in connection with a claim is our major source of information. However, in order to evaluate your application for insurance, to service your policy or to process a claim, we may ask for additional information about you and any person who will be insured under this policy or who is the subject of the claim. This is sometimes necessary to make certain that the statements on your application are accurate or to process the claim. We may also need more details than you have already given us.

INFORMATION WE COLLECT

In connection with an application, the information that we may collect will enable us to make possible judgments about your character, habits, hobbies, finances, occupation, general reputation, health or other personal characteristics. In connection with a claim, the information we may collect will enable us to process the claim.

We may obtain this information from several sources. For example, we may contact any physician, clinic or hospital where any persons to be insured or making a claim have been treated. We may need information from your employer. But, before we ask for information from any of these sources, we will ask you to sign an authorization, which gives us permission to proceed, unless authorization is not required by law.

We may get information by talking or writing to other insurance companies to which you applied for a policy or with which you have made a claim, members of your family, neighbors, friends, your insurance agent and others who know you. We may also obtain information from motor vehicle reports, court records, or photographs of the property you want insured or with regard to which you have made a claim.

CONSUMER REPORTS

It is common for an insurance company to order a report from an independent organization — a consumer reporting agency or an insurance-support organization — to verify and add to the information that you have given us. These reports are used to help us decide if you qualify for the insurance for which you have applied or to evaluate the claim you have made.

They may:

- _____ pertain to your mode of living, character, general reputation and personal characteristics such as health, job and finances.
- _____ contain information on your marital status, driving records, etc.
- _____ include information on the loss history of your property.
- _____ include information gathered by talking or writing to you or members of your family, neighbors, friends, your insurance agent and others who know you.
- _____ include information from motor vehicle reports, court records or photographs of your property and/or the property involved in the claim.

Upon your request, the consumer reporting agency or insurance-support organization will attempt to interview you in connection with any report it prepares. The information may be kept by the reporting organization and may later be given to others who use its services. It will be given only to the extent permitted by the Federal Fair Credit Reporting Act and your local state law, if any. Upon request and identification, the consumer reporting agency or insurance-support organization will provide you with a copy of the report.

MISC-798 06 01
Page 1 of 2

DISCLOSURE OF INFORMATION

Information we collect about you will not be given to anyone without your consent, except when necessary to conduct our business. There are some disclosures which may be made without your prior authorization. These include:

- _____ Persons or organizations who need the information to perform a professional, business or insurance function for us, such as businesses that assist us with data processing or marketing.
- _____ Other insurance companies, agents, or consumer reporting agencies as it may be needed in connection with any application, policy or claim involving you.
- _____ Adjusters, appraisers, investigators and attorneys who need the information to investigate or settle a claim involving you.
- _____ An insurance-support organization which is established to collect information for the purpose of detecting and preventing insurance crimes or fraudulent claims.
- _____ A medical professional or institution to verify your insurance coverage or inform you of a medical condition of which you may not be aware.
- _____ Persons or organizations that conduct scientific research, including actuarial or underwriting studies.
- _____ Persons or organizations that will use the information for sales purposes, unless you indicate in writing to us that you do not want the information disclosed for this purpose.
- _____ Our affiliated companies for auditing our operations and for marketing an insurance product or service.

In addition, we may provide information to state insurance departments in connection with their regulatory authority and to other governmental or law enforcement authorities to protect our legal interests or in cases of suspected fraud or illegal activities.

YOUR INSURANCE POLICY FILES

Information we collect about you will be kept in our policy files. We may refer to this information if you file a claim for benefits under any policy you have with us or if you apply to us for a new policy. You have the right to know what kind of information we keep in our files about you, to have access to the information, and to receive a copy. There are some types of information; however, to which we are not required to give you access. This type of information is generally collected when we evaluate a claim or when the possibility of a lawsuit exists.

If you want information from your files, please contact us. There may be a nominal charge for copies of records. If you think your file contains incorrect information, notify us indicating what you believe is incorrect and your reasons. We will reinvestigate the matter and either correct our records or place a statement from you in our files explaining why you believe the information is incorrect. We will also notify persons or organizations to whom we previously disclosed the information of the change or your statement.

CONFIDENTIALITY AND SECURITY OF PERSONAL INFORMATION

We restrict access to personal information to those individuals who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with legal standards and ensure the confidentiality of personal information in accordance with our policy.

TREATMENT OF PERSONAL INFORMATION OF FORMER CUSTOMERS AND APPLICANTS

We adhere to this personal information privacy policy even when a customer relationship no longer exists. Disclosures about former applicants and customers may be made without prior authorization as permitted by law.

If you have any questions about our information practices, please contact us.

SELECTIVE INSURANCE COMPANY OF SOUTH CAROLINA
3426 TORINGDON WAY, CHARLOTTE, NC 28277

COMMERCIAL POLICY COMMON DECLARATION

Named Insured and Address NORTH BERKELEY DEVELOPMENT ASSOCIATES LLC 227 E FRONT ST NEW BERN, NC 28560-2145		Policy Period From: DECEMBER 1, 2017 To: DECEMBER 1, 2018 12:01 A.M Standard Time At Location of Designated Premises.
Named Insured is: LTD LIABILITY		Producer Number: 00-07536-00000
Producer: THE CLEMENT COMPANIES NORTH CAROLINA		
<div style="text-align: center;">Schedule of Coverage COMMERCIAL PROPERTY COVERAGE COMMERCIAL GENERAL LIABILITY COVERAGE COMMERCIAL INLAND MARINE COVERAGE COMMERCIAL UMBRELLA COVERAGE COMMERCIAL CRIME COVERAGE</div>		
<p>In return for payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance indicated in the schedule above. Insurance is provided only for those coverages for which a specific limit is shown on the attached coverage declaration(s).</p>		
PAYMENT METHOD D/B - 10	Total Policy Premium <u>\$29,840.00</u> (This premium may be subject to adjustment.)	
Date Issued: DECEMBER 1, 2017 Issuing Office: SOUTHERN REGION <div style="text-align: right;">Authorized Representative _____</div>		

SCHEDULE OF LOCATIONS

Policy Effective Date: DECEMBER 1, 2017

Schedule Effective Date: DECEMBER 1, 2017

**Prem.
No.****Location****Bldg.
No.****Occupancy**1 1312 PARKWAY DR
GOLDSBORO, NC 27534

1 LESSORS RISK

2 1310 PARKWAY DR
GOLDSBORO, NC 27534

1 STRIP MALL

COMMERCIAL POLICY FORMS AND ENDORSEMENT SCHEDULE

Policy Effective Date: DECEMBER 1, 2017

Schedule Effective Date DECEMBER 1, 2017

THE FOLLOWING FORMS AND ENDORSEMENTS ARE APPLICABLE TO THE
COMMON COVERAGE PART:

IL 70 25	1189	COMMERCIAL POLICY COMMON DECLARATION
IL 70 36	0193	SCHEDULE OF LOCATIONS
IL 79 15	0117	IDENTITY RECOVERY COVERAGE
IL 89 48	0704	EXCLUSION - LEAD HAZARD
IL 89 56	0899	ASBESTOS EXCLUSION

THE FOLLOWING FORMS AND ENDORSEMENTS ARE APPLICABLE TO THE
COMMERCIAL PROPERTY COVERAGE PART:

CP 70 26	0617	COMMERCIAL PROP DEC
CP 00 10	1012	BUILDING & PERSONAL PROPERTY COVERAGE FM
CP 00 30	1012	BUSINESS INCOME COVERAGE (W/EX EXP)
CP 00 90	0788	COMMERCIAL PROPERTY CONDITIONS
CP 01 18	0214	NORTH CAROLINA CHANGES
CP 01 40	0706	EXCL OF LOSS DUE TO VIRUS OR BACTERIA
CP 04 11	1012	PROTECTIVE SAFEGUARDS
CP 10 30	1012	CAUSES OF LOSS-SPECIAL FORM
CP 15 32	0607	CIVIL AUTHORITY CHANGE(S)
CP 15 45	1012	OFF-PREMISES SERVICES-TIME ELEMENT
CP 75 51	0511	SYSTEMS POWER PAC
CP 76 23	1011	COMMERCIAL PROP MORTGAGE HOLDERS SCHED
CP 76 30	0116	ELITEPAC PROPERTY EXT END
CP 76 55	0116	ELITEPAC SCHEDULE - LESSORS RISK
CP 76 60	0116	BI ACTUAL LOSS SUST - 12 MONTH LIMIT END
CP 76 64	0116	ACCOUNTS RECEIVABLE COVERAGE ENDORSEMENT
CP 76 67	0116	ELECTRONIC INFORMATION SYSTEMS COVER END
CP 76 68	0116	FINE ARTS COVERAGE ENDORSEMENT
CP 76 69	0116	INSTALLATION PROPERTY COVERAGE END
CP 76 70	0116	MOBILE EQUIPMENT COVERAGE END
CP 76 71	0116	PERSONAL EFFECTS COVERAGE END
CP 76 72	0116	PROPERTY IN TRANSIT COVERAGE END
CP 76 73	0116	SALESPERSONS SAMPLES COVERAGE END
CP 76 74	0116	TOOLS AND EQUIPMENT COVERAGE END
CP 76 75	0116	VALUABLE PAPERS COVERAGE END
CP 80 11	0406	SYSTEMS POWER PAC MULTIPLE DED. FORM
IL 00 03	0908	CALCULATION OF PREMIUM
IL 00 17	1198	COMMON POLICY CONDITIONS
IL 02 69	0908	NC CHANGES-CANCELLATION AND NONRENEWAL
IL 09 52	0115	CAP ON LOSS FROM CERT ACTS OF TERRORISM
IL 09 85A	0115	DISCL PURSUANT TO TERR RISK INS ACT

THE FOLLOWING FORMS AND ENDORSEMENTS ARE APPLICABLE TO THE
COMMERCIAL GENERAL LIABILITY COVERAGE PART:

CG 70 35	0690	COMMERCIAL LIABILITY COVG DECLARATION
CG 00 01	0413	CGL COV FORM (OCCURRENCE)
CG 21 06	0514	EXCL ACCESS DISCL CONF PERS INF-W/LIM BI
CG 21 47	1207	EMPLOYMENT-RELATED PRACTICES EXCL
CG 21 67	1204	FUNGI OR BACTERIA EXCLUSION
CG 21 70	0115	CAP ON LOSSES FROM CERT ACTS OF TERROR
CG 25 04	0509	DESIGNATED LOCATION(S) GENERAL AGG LIMIT
CG 73 00	0116	ELITEPAC GL EXT END
CG 79 35A	0708	PRODUCT RECALL EXPENSE COV ENDT
CG 79 97	1116	GENERAL AGGREGATE LIMIT PER PROJECT
IL 00 03	0908	CALCULATION OF PREMIUM
IL 00 17	1198	COMMON POLICY CONDITIONS
IL 00 21	0908	NUCLEAR ENERGY LIABILITY EXCLUSION

NOTICE TO POLICYHOLDER: All the forms and endorsements contained in this policy as of the "Schedule Effective Date" are listed above. Forms and endorsements added to the policy after this date will appear on a "Policy Changes" endorsement. Please read your policy and all "Policy Changes" carefully.

NOTE: All applicable "IL" endorsements will be attached in the Common Section of the policy.

COMMERCIAL POLICY FORMS AND ENDORSEMENT SCHEDULE

Policy Effective Date: DECEMBER 1, 2017

Schedule Effective Date DECEMBER 1, 2017

THE FOLLOWING FORMS AND ENDORSEMENTS ARE APPLICABLE TO THE
COMMERCIAL GENERAL LIABILITY COVERAGE PART:

IL 02 69 0908 NC CHANGES-CANCELLATION AND NONRENEWAL
IL 09 85A 0115 DISCL PURSUANT TO TERR RISK INS ACT

THE FOLLOWING FORMS AND ENDORSEMENTS ARE APPLICABLE TO THE
COMMERCIAL INLAND MARINE COVERAGE PART:

CM 70 71 0794 COMMERCIAL INLAND MARINE DECLARATIONS
IM 78 05 0707 SCHEDULE OF COVERAGES - DIC
CL 01 00 0399 COMMON POLICY CONDITIONS
CL 01 58 0913 AMENDATORY ENDORSEMENT-NC
CL 06 00 0115 CERTIFIED TERRORISM LOSSES
CL 07 00 1006 VIRUS OR BACTERIA EXCLUSION
CL 10 57 1004 FLOOD INSURANCE NOTICE
CM 72 00 0112 LIBERALIZATION
IL 09 52 0115 CAP ON LOSS FROM CERT ACTS OF TERRORISM
IL 09 85A 0115 DISCL PURSUANT TO TERR RISK INS ACT
IM 20 67 0809 AMENDATORY ENDORSEMENT-NC
IM 78 00 0407 DIC-PROPERTY COVERAGE PART
IM 78 06 0407 LOCATION SCHEDULE DIC

THE FOLLOWING FORMS AND ENDORSEMENTS ARE APPLICABLE TO THE
COMMERCIAL UMBRELLA COVERAGE PART:

CX 00 03A 0199 COMMERCIAL EXCESS/UMBRELLA DEC
CXL 4 0403 COMMERCIAL UMBRELLA LIAB COVG
CXL 17 1099 ASBESTOS EXCLUSION
CXL 21 0403 AUTO LIABILITY EXCLUSION
CXL 34 0403 EMPLOYEE BENEFITS LIAB EXCLUSION
CXL 63A 0199 PROPERTY OF OTHERS EXCLUSION
CXL 119 0403 WATERCRAFT LIABILITY LIMITATION
CXL 132 0403 PERSONAL & ADVERTISING INJURY LIAB
CXL 170 0403 NC CHANGES-CANCELLATION & NONRENEWAL
CXL 318 0403 EXCLUSION - LEAD HAZARD
CXL 383 0702 FUNGI OR BACTERIA EXCLUSION
CXL 388 0115 CAP ON LOSSES FROM CERT ACTS OF TERR
CXL 400 0403 NUCLEAR ENERGY LIABILITY EXCLUSION END
CXL 453 0413 EXCL-EMPLOYMENT PRACTICES LIABILITY
CXL 454 0413 EXCL-FIDUCIARY LIABILITY
CXL 462 1115 COMMERCIAL UMBRELLA LIABILITY
IL 00 17 1198 COMMON POLICY CONDITIONS
IL 09 85A 0115 DISCL PURSUANT TO TERR RISK INS ACT

THE FOLLOWING FORMS AND ENDORSEMENTS ARE APPLICABLE TO THE
COMMERCIAL CRIME FIDELITY COVERAGE PART:

CR 70 26 0292 COMMERCIAL CRIME COVERAGE DECLARATION
CR 00 21 0506 COMMERCIAL CRIME COVERAGE FORM
CR 01 01 0702 NORTH CAROLINA CHANGES-LEGAL ACTION
CR 02 35 0702 NORTH CAROLINA CHANGES
CR 70 36 0116 ERISA INFLATION GUARD ENDORSEMENT
CR 79 13 0109 COMPUTER FRAUD ADDITIONAL EXCL
CR 79 26 0116 LESSORS RISK CRIME ELITEPAC END
IL 00 03 0908 CALCULATION OF PREMIUM
IL 00 17 1198 COMMON POLICY CONDITIONS
IL 02 69 0908 NC CHANGES-CANCELLATION AND NONRENEWAL
IL 09 35 0702 EXCL OF CERTAIN COMPUTER-RELATED LOSSES

NOTICE TO POLICYHOLDER: All the forms and endorsements contained in this policy as of the "Schedule Effective Date" are listed above. Forms and endorsements added to the policy after this date will appear on a "Policy Changes" endorsement. Please read your policy and all "Policy Changes" carefully.

NOTE: All applicable "IL" endorsements will be attached in the Common Section of the policy.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

POLICY NUMBER: S 2003458

IL 09 85 01 15

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

SCHEDULE

SCHEDULE — PART I

Terrorism Premium (Certified Acts) \$872.00

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(ies):

INLAND MARINE COVERAGE PART

COMMERCIAL PROPERTY COVERAGE PART

GENERAL LIABILITY COVERAGE PART

UMBRELLA LIABILITY COVERAGE PART

Additional information, if any, concerning the terrorism premium:

SCHEDULE — PART II

Federal share of terrorism losses 83% **Year:** 2017

(Refer to Paragraph B. in this endorsement.)

Federal share of terrorism losses 82% **Year:** 2018

(Refer to Paragraph B. in this endorsement.)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

CALCULATION OF PREMIUM

IL 00 03 09 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or

- b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

IL 00 21 09 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

- (c)** Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- (d)** Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

NORTH CAROLINA CHANGES — CANCELLATION AND NONRENEWAL

IL 02 69 09 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:

2. Cancellation Requirements

a. Policies In Effect Less Than 60 Days

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. Policies In Effect More Than 60 Days

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

- (1) Expiration of the policy term; or
- (2) Anniversary date,

stated in the policy only for one or more of the following reasons:

- (a) Nonpayment of premium;
- (b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;

- (c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
- (d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;
- (e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;
- (f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;
- (g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;
- (h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;
- (i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

- (j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

- (i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (ii) 30 days before the effective date of cancellation if we cancel for any other reason.
- c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.
 - d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

- B. The following provisions are added and supersede any other provisions to the contrary:

1. Nonrenewal

- a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:
 - (1) Expiration of the policy if this policy has been written for one year or less; or
 - (2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.
- b. We need not mail or deliver the notice of nonrenewal if you have:
 - (1) Insured property covered under this policy, under any other insurance policy;
 - (2) Accepted replacement coverage; or
 - (3) Requested or agreed to nonrenewal of this policy.
- c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal will:

- a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and
- b. State the reason or reasons for cancellation or nonrenewal.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

IL 09 35 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

- (1)** Computer hardware, including microprocessors;
- (2)** Computer application software;
- (3)** Computer operating systems and related software;
- (4)** Computer networks;
- (5)** Microprocessors (computer chips) not part of any computer system; or
- (6)** Any other computerized or electronic equipment or components; or

b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:

1. In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or

2. Under the Commercial Property Coverage Part:

a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss — Special Form; or

b. In a Covered Cause of Loss under the Causes Of Loss — Basic Form or the Causes Of Loss — Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

IL 09 52 01 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

IDENTITY RECOVERY COVERAGE IDENTITY THEFT CASE MANAGEMENT SERVICE AND EXPENSE REIMBURSEMENT

IL 79 15 01 17

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement applies to:

COMMERCIAL PROPERTY COVERAGE PART
BUSINESSOWNERS COVERAGE PART
COMMERCIAL OUTPUT POLICY COVERAGE PART

The following is added as an Additional Coverage. If this is being endorsed onto a multi-section form, it is added to the Property section:

IDENTITY RECOVERY COVERAGE

We will provide the Case Management Service and Expense Reimbursement Coverage indicated below if all of the following requirements are met:

1. There has been an "identity theft" involving the personal identity of an "identity recovery insured" under this policy; and
2. Such "identity theft" is first discovered by the "identity recovery insured" during the policy period for which this Identity Recovery Coverage is applicable; and
3. Such "identity theft" is reported to us within 60 days after it is first discovered by the "identity recovery insured."

If all three of the requirements listed above have been met, then we will provide the following to the "identity recovery insured":

1. Case Management Service

Services of an "identity recovery case manager" as needed to respond to the "identity theft"; and

2. Expense Reimbursement

Reimbursement of necessary and reasonable "identity recovery expenses" incurred as a direct result of the "identity theft."

This coverage is additional insurance.

EXCLUSIONS

The following additional exclusions apply to this coverage:

We do not cover loss or expense arising from any of the following.

1. The theft of a professional or business identity.

2. Any fraudulent, dishonest or criminal act by an "identity recovery insured" or any person aiding or abetting an "identity recovery insured", or by any authorized representative of an "identity recovery insured", whether acting alone or in collusion with others. However, this exclusion shall not apply to the interests of an "identity recovery insured" who has no knowledge of or involvement in such fraud, dishonesty or criminal act.
3. An "identity theft" that is not reported in writing to the police.

LIMITS

Case Management Service is available as needed for any one "identity theft" for up to 12 consecutive months from the inception of the service. Expenses we incur to provide Case Management Service do not reduce the amount of limit available for Expense Reimbursement Coverage.

Expense Reimbursement Coverage is subject to a limit of \$25,000 annual aggregate per "identity recovery insured." Regardless of the number of claims, this limit is the most we will pay for the total of all loss or expense arising out of all "identity thefts" to any one "identity recovery insured" which are first discovered by the "identity recovery insured" during the present annual policy period. If an "identity theft" is first discovered in one policy period and continues into other policy periods, all loss and expense arising from such "identity theft" will be subject to the aggregate limit applicable to the policy period when the "identity theft" was first discovered.

Legal costs as provided under item d. of the definition of "identity recovery expenses" are part of, and not in addition to, the Expense Reimbursement Coverage limit.

Item e. (Lost Wages) and item f. (Child and Elder Care Expenses) of the definition of "identity recovery expenses" are jointly subject to a sublimit of \$5,000. This sublimit is part of, and not in addition to, the Expense Reimbursement Coverage limit. Coverage is limited to wages lost and expenses incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

Item g. (Mental Health Counseling) of the definition of "identity recovery expenses" is subject to a sublimit of \$1,000. This sublimit is part of, and not in addition to, the Expense Reimbursement Coverage limit. Coverage is limited to counseling that takes place within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

Item h. (Miscellaneous Unnamed Costs) of the definition of "identity recovery expenses" is subject to a sublimit of \$1,000. This sublimit is part of, and not in addition to, the Expenses Reimbursement Coverage limit. Coverage is limited to costs incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

DEDUCTIBLE

Case Management Service is not subject to a deductible.

Expense Reimbursement Coverage is subject to a deductible of \$250. Any one "identity recovery insured" shall be responsible for only one deductible under this Identity Recovery Coverage during any one policy period.

CONDITIONS

The following additional conditions apply to this coverage:

A. Help Line

For assistance, the "identity recovery insured" should call us for:

1. Information and advice for how to respond to a possible "identity theft"; and
2. Instructions for how to submit a service request for Case Management Service and/or a claim form for Expense Reimbursement Coverage.

In some cases, we may provide Case Management services at our expense to an "identity recovery insured" prior to a determination that a covered "identity theft" has occurred. Our provision of such services is not an admission of liability under the policy. We reserve the right to deny further coverage or service if, after investigation, we determine that a covered "identity theft" has not occurred.

As respects Expense Reimbursement Coverage, the "identity recovery insured" must send to us, within 60 days after our request, receipts, bills or other records that support his or her claim for "identity recovery expenses."

B. Services

The following conditions apply as respects any services provided by us or our designees to any "identity recovery insured" under this endorsement:

1. Our ability to provide helpful services in the event of an "identity theft" depends on the cooperation, permission and assistance of the "identity recovery insured."
2. All services may not be available or applicable to all individuals. For example, "identity recovery insureds" who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States and Puerto Rico in accordance with local conditions.
3. We do not warrant or guarantee that our services will end or eliminate all problems associated with an "identity theft" or prevent future "identity thefts."

DEFINITIONS

With respect to the provisions of this endorsement only, the following definitions are added:

1. **"Identity Recovery Case Manager"** means one or more individuals assigned by us to assist an "identity recovery insured" with communications we deem necessary for re-establishing the integrity of the personal identity of the "identity recovery insured." This includes, with the permission and cooperation of the "identity recovery insured," written and telephone communications with law enforcement authorities, governmental agencies, credit agencies and individual creditors and businesses.
2. **"Identity Recovery Expenses"** means the following when they are reasonable and necessary expenses that are incurred as a direct result of an "identity theft":
 - a. Costs for re-filing applications for loans, grants or other credit instruments that are rejected solely as a result of an "identity theft."
 - b. Costs for notarizing affidavits or other similar documents, long distance telephone calls and postage solely as a result of your efforts to report an "identity theft" or amend or rectify records as to your true name or identity as a result of an "identity theft."

- c. Costs for credit reports from established credit bureaus.
- d. Fees and expenses for an attorney approved by us for the following:
 - (1) The defense of any civil suit brought against an "identity recovery insured."
 - (2) The removal of any civil judgment wrongfully entered against an "identity recovery insured."
 - (3) Legal assistance for an "identity recovery insured" at an audit or hearing by a governmental agency.
 - (4) Legal assistance in challenging the accuracy of the "identity recovery insured's" consumer credit report.
 - (5) The defense of any criminal charges brought against an "identity recovery insured" arising from the actions of a third party using the personal identity of the "identity recovery insured."
- e. Actual lost wages of the "identity recovery insured" for time reasonably and necessarily taken away from work and away from the work premises. Time away from work includes partial or whole work days. Actual lost wages may include payment for vacation days, discretionary days, floating holidays and paid personal days. Actual lost wages does not include sick days or any loss arising from time taken away from self-employment. Necessary time off does not include time off to do tasks that could reasonably have been done during non-working hours.
- f. Actual costs for supervision of children or elderly or infirm relatives or dependents of the "identity recovery insured" during time reasonably and necessarily taken away from such supervision. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured."
- g. Actual costs for counseling from a licensed mental health professional. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured."
- h. Any other reasonable costs necessarily incurred by an "identity recovery insured" as a direct result of the "identity theft."
 - (1) Such costs include:
 - (A) Costs by the "identity recovery insured" to recover control over his or her personal identity.
 - (B) Deductibles or service fees from financial institutions.

(2) Such costs do not include:

- (A) Costs to avoid, prevent or detect "identity theft" or other loss.
- (B) Money lost or stolen.
- (C) Costs that are restricted or excluded elsewhere in this endorsement or policy.

3. "Identity Recovery Insured" means the following:

- a. When the entity insured under this policy is a sole proprietorship, the "identity recovery insured" is the individual person who is the sole proprietor of the insured entity.
- b. When the entity insured under this policy is a partnership, the "identity recovery insureds" are the current partners.
- c. When the entity insured under this policy is a corporation or other organization, the "identity recovery insureds" are all individuals having an ownership position of 20% or more of the insured entity. However, if and only if there is no one who has such an ownership position, then the "identity recovery insured" shall be:
 - (1) The chief executive of the insured entity.
 - (2) As respects a religious institution, the senior ministerial employee.
 - (3) As respects a school, school district or municipality, the senior administrator.
 - (4) As respects a not-for-profit corporation or other organization, which is not a religious institution, municipality, school, or school district, the executive director of the insured entity or the chairperson of the insured entity's board of directors.

An "identity recovery insured" must always be an individual person. The entity insured under this policy is not an "identity recovery insured."

4. "Identity Theft" means the fraudulent use of the social security number or other method of identifying an "identity recovery insured." This includes fraudulently using the personal identity of an "identity recovery insured" to establish credit accounts, secure loans, enter into contracts or commit crimes.

"Identity theft" does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.

All other provisions of this policy apply.

EXCLUSION — LEAD HAZARD

IL 89 48 07 04

THIS EXCLUSION CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
GARAGE COVERAGE PART
GARAGE POLICY (VIRGINIA ONLY)
OWNERS and CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE and HIGHWAY LIABILITY POLICY - NEW YORK DEPARTMENT
OF TRANSPORTATION

This insurance does not apply to:

- a. "Bodily injury" arising out of the ingestion, inhalation or absorption of lead in any form;
 - b. "Property damage" or "personal and advertising injury" arising from the presence of lead in any form; or
 - c. Any loss, cost or expense arising out of any orders by, or on behalf of, any governmental authority to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize lead in any form;
- at or from any premises, sites or locations which are, or were at any time, owned by, rented to, loaned to, or used by any insured, or arising from operations by any insured.

ASBESTOS EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE PART
BUSINESSOWNERS COVERAGE PART
CAUSES OF LOSS — BASIC FORM
CAUSES OF LOSS — BROAD FORM
CAUSES OF LOSS — SPECIAL FORM
COMMERCIAL GENERAL LIABILITY COVERAGE PART
GARAGE COVERAGE PART
MOTOR CARRIER COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCT/COMPLETED OPERATIONS LIABILITY COVERAGE PART
TRUCKERS COVERAGE PART

1. It is agreed that this insurance does not apply to any loss or damage relating to the actual, alleged, or threatened presence of, or exposure to, "asbestos," including inhalation, ingestion, irritation, absorption or other similar physical exposure to "asbestos." Such presence of, or exposure to, "asbestos" includes, but is not limited to:
 - a. structures or manufacturing processes containing "asbestos";
 - b. the disposal of "asbestos" or goods, products or materials containing "asbestos";
 - c. the storing or presence of "asbestos" or goods, products or materials containing "asbestos"; or
 - d. the removal of "asbestos" from any goods, products, materials, structures or manufacturing processes,whether or not such "asbestos" is airborne.
2. We shall have no obligation under this coverage part:
 - a. to investigate, settle or defend any claim or "suit" against any "insured" alleging actual or threatened injury or damage of any nature or kind to persons or property which arises out of or would not have occurred but for the presence of, or exposure to, "asbestos"; or
 - b. to pay any damages, judgments, settlements, losses, costs or expenses of any kind or nature that may be awarded or incurred by reason of any such claim or suit or any such actual or threatened injury or damage from "asbestos"; or
 - c. for any losses, costs or expenses arising out of any obligation, order, direction or request of or upon any insured or others, including, but not limited to, any governmental obligation, order, direction or request, to test for, monitor, clean up, remove, contain, treat, neutralize, in any way respond to, or assess the effects of "asbestos."
3. "Asbestos" includes asbestos, asbestos fibers, asbestos materials, and asbestos products, or any goods or products containing asbestos or asbestos fibers, materials, or products.

AMENDATORY ENDORSEMENT NORTH CAROLINA

AAIS
CL 01 58 09 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ THIS CAREFULLY.

1. Under Common Policy Conditions, Cancellation is deleted and replaced by the following:

Cancellation And Nonrenewal

- a. "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

- b. "We" may cancel or not renew this policy by delivering or mailing written notice to "you" at the address shown in the policy or, if not indicated in the policy, to the last address known to "us". Such notice may be delivered by electronic means if "you" have affirmatively consented to that method of delivery and have not withdrawn such consent.

"We" will also give notice to any mortgagee or loss payee, and to "your" agent or broker of record, if any. However, failure to give notice to such mortgagee, loss payee, agent, or broker will not invalidate the cancellation or nonrenewal.

"Our" notice will state the precise reason for cancellation or nonrenewal.

Proof of delivery or mailing is sufficient proof of notice.

- c. If this policy has been in effect for less than 60 days, "we" may cancel for any reason. "We" will give "you" notice at least 15 days before the cancellation is effective.
- d. If the policy has been in effect for 60 days or more, or if it is a renewal policy issued by "us", "we" may cancel this policy only on the anniversary date unless one or more of the following reasons apply:

- (1) The premium has not been paid when due;
- (2) There has been an act or omission by an "insured" or an "insured's" representative that constitutes material misrepresentation or non-disclosure of a material fact in obtaining the policy, continuing the policy, or presenting a claim under the policy;
- (3) There has been an increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of risk;

- (4) There has been a substantial breach of a contractual duty, condition, or warranty that materially affects the insurability of the risk;

- (5) There has been a fraudulent act against "us" by an "insured" or an "insured's" representative that materially affects the insurability of the risk;

- (6) There has been a willful failure by an "insured" or an "insured's" representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by "us";

- (7) There has been a loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in the North Carolina statutes;

- (8) An "insured" has been convicted of a crime arising out of an act that materially affects the insurability of the risk;

- (9) The Commissioner has determined that the continuation of the policy would place "us" in violation of the laws of this state; or

- (10) "You" have failed to meet the requirements contained in "our" corporate charter, articles of incorporation, or bylaws when "we" are a company organized for the sole purpose of providing members of an organization with insurance coverage in this state.

However, "we" may cancel for any other reason if "we" receive prior written consent from "you".

"We" will give "you" notice at least 15 days before cancellation is effective. Cancellation for nonpayment of premium is not effective if the amount due is paid before the effective date set forth in the notice of cancellation.

- e. If "we" decide not to renew this policy, "we" will give "you" notice at least 45 days before the nonrenewal is effective.

However, notice of nonrenewal is not required if "you" have:

- (1) Insured elsewhere;
- (2) Accepted replacement coverage; or
- (3) Requested or agreed to nonrenewal.

- f. "Your" return premium, if any, will be calculated on a pro rata basis and will be refunded to "you" at the time of cancellation or as soon as practicable. Payment or tender of the unearned premium is not a condition of cancellation.
2. Under Common Policy Conditions, the following condition is added:
- Conditional Renewal** -- If "we" intend to renew the policy with:
- a. A decrease in coverage;
 - b. An increase in deductible;
 - c. Any kind of surcharge imposed; or
 - d. An increase in the premium rate;

"We" will deliver or mail notice of the renewal "terms" and a statement of the premium due to "you", at the address shown in the policy or, if not indicated in the policy, the last address known to "us", at least 45 days before the expiration date or anniversary date of the policy. Such notice may be delivered by electronic means if "you" have affirmatively consented to that method of delivery and have not withdrawn such consent.

"We" will also give notice to any mortgagee or loss payee, and to "your" agent or broker of record, if any.

CERTIFIED TERRORISM LOSS

AAIS
CL 06 00 01 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ THIS CAREFULLY.

1. The following definitions are added.
 - a. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States:
 - 1) To be an act of terrorism;
 - 2) To be a violent act or an act that is dangerous to human life, property, or infrastructure;
 - 3) To have resulted in damage:
 - a) Within the United States; or
 - b) To an air carrier (as defined in section 40102 of title 49, United States Code); to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or at the premises of any United States mission;
 - 4) To have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion; and
 - 5) To have resulted in insured losses in excess of five million dollars in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act, as amended.
 - b. "Certified terrorism loss" means loss that results from a "certified act of terrorism".
2. The "terms" of any terrorism exclusion that is part of or that is attached to this Coverage Part are amended by the following provision:

This exclusion does not apply to "certified terrorism loss".
3. The following provision is added.

If the Secretary of the Treasury determines that the aggregate amount of "certified terrorism loss" has exceeded one hundred billion dollars in a calendar year (January 1 through December 31), and "we" have met "our" insurer deductible under the Terrorism Risk Insurance Act, as amended, "we" will not pay for any portion of "certified terrorism loss" that exceeds one hundred billion dollars. If the "certified terrorism loss" exceeds one hundred billion dollars in a calendar year (January 1 through December 31), losses up to one hundred billion dollars are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury under the Terrorism Risk Insurance Act, as amended.
4. The following provisions are added.
 - a. Neither the "terms" of this endorsement nor the "terms" of any other terrorism endorsement attached to this Coverage Part provide coverage for any loss that would otherwise be excluded by this Coverage Part under:
 - 1) Exclusions that address war, military action, or nuclear hazard; or
 - 2) Any other exclusion; and
 - b. The absence of any other terrorism endorsement does not imply coverage for any loss that would otherwise be excluded by this Coverage Part under:
 - 1) Exclusions that address war, military action, or nuclear hazard; or
 - 2) Any other exclusion.

FLOOD INSURANCE NOTICE

AAIS
CL 10 57 10 04

No coverage is provided by this notice, nor does it replace any provision of your policy. If there are any discrepancies between the policy and this notice, the provisions of the policy govern.

Your policy does not provide coverage for loss caused by flood, surface water, waves, tidal water, or any other overflow of a body of water. **You will not have coverage for property damage caused by these waters unless you take steps to purchase a separate policy of flood insurance, at an additional premium. Coverage may be available by adding an endorsement to your existing policy or purchasing a separate policy from the National Flood Insurance Program, 42 U.S.C. Section 4001, et seq.**

If you would like more information about obtaining flood coverage, please contact your agent or this company.

COMMERCIAL PROPERTY COVERAGE DECLARATION

Policy Effective Date: DECEMBER 1, 2017

Coverage Effective Date: DECEMBER 1, 2017

Insurance is provided only for those coverages for which a specific limit is shown in the following coverage schedule

Coverage — Scheduled Locations

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Cause of Loss	Coins	Deductible	Valuation	Inflation Guard
1	1	BUILDING	\$7,242,000	SPECIAL	90%	\$2,500	AGRD VAL/RP CST	
2	1	BUILDING	\$1,020,000	SPECIAL	90%	\$2,500	AGRD VAL/RP CST	

Coverage — Blanket Locations

Prem. No.	Bldg. No.	Coverage	Rating Value	Covered Cause of Loss	Coins	Deductible	Valuation	Inflation Guard	Blanket ID #
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Business Income

Prem. No.	Bldg. No.	Coverage Type	Limit of Insurance	BI Waiting Period (hrs)	Coins	Monthly Limit of Indemnity	Max Period of Indemnity	Extended Period of Indemnity	Blanket ID #
1	1	BI INCLUDING RV	ACTUAL LOSS	72					
2	1	BI INCLUDING RV	ACTUAL LOSS	72					

Blanket Coverage

Blanket ID #	Blanket Group	Total Blanket Limit
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Extra Expense

Prem. No.	Bldg. No.	Limit of Insurance	Monthly Limitation	Prem. No.	Bldg. No.	Limit	Monthly Limitation
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Forms and Endorsements:

Refer to "Commercial Policy Forms and Endorsement Schedule"

Premium Amount
\$20,324.00

(This premium may be subject to adjustment)

Previous Policy Number
S 2003458

Policy Number
S 2003458

COMMERCIAL PROPERTY MORTGAGE HOLDERS SCHEDULE

Policy Effective Date: DECEMBER 1, 2017

Schedule Effective Date: DECEMBER 1, 2017

Prem. No.	Bldg. No.	Mortgage Holder Name and Address
1	1	MIDLAND LOAN SERVICES, A DIVISION O PNC BANK, NATIONAL ASSOCIATION, AS MASTER SERVICER, FOR WELLS FARGO BANK NATIONAL ASSOCIATION AS TRUSTE FOR REGISTERED HOLDERS OF MORGAN STANLEY BANK OF AMERICA MERRILL LYN TRUST 2015-C20, COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2015-C20 AS ADDITIONAL LOSS PAYEE C BELLWEATHER ENTERPRISE REAL ESTATE CAPITAL, LLC 200 S. COLLEGE STREET, STE 1520 CHARLOTTE, NC 28202
2	1	MIDLAND LOAN SERVICES, A DIVISION O PNC BANK, NATIONAL ASSOCIATION, AS MASTER SERVICER, FOR WELLS FARGO BANK NATIONAL ASSOCIATION AS TRUSTE FOR REGISTERED HOLDERS OF MORGAN STANLEY BANK OF AMERICA MERRILL LYN TRUST 2015-C20, COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2015-C20 AS ADDITIONAL LOSS PAYEE C BELLWEATHER ENTERPRISE REAL ESTATE CAPITAL, LLC 200 S. COLLEGE STREET, STE 1520 CHARLOTTE, NC 28202

PROTECTIVE SAFEGUARDS

POLICY NUMBER: S 2003458

COMMERCIAL PROPERTY
CP 04 11 10 12

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number	Protective Safeguards Symbols Applicable
1	1	P-9, P-5
2	1	P-9, P-5
Describe Any "P-9":		
1	1	CENTRAL STATION BURGLAR ALARM
2	1	CENTRAL STATION BURGLAR ALARM
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. The following is added to the Commercial Property Conditions:

Protective Safeguards

- As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.
- The protective safeguards to which this endorsement applies are identified by the following symbols:

"P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

- Any automatic fire protective or extinguishing system, including connected:
 - Sprinklers and discharge nozzles;
 - Ducts, pipes, valves and fittings;
 - Tanks, their component parts and supports; and
 - Pumps and private fire protection mains.
- When supplied from an automatic fire protective system:
 - Non-automatic fire protective systems; and
 - Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:

- Connected to a central station; or
- Reporting to a public or private fire alarm station.

"P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

"P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.

"P-5" Automatic Commercial Cooking Exhaust And Extinguishing System installed on cooking appliances and having the following components:

- Hood;
- Grease removal device;
- Duct system; and
- Wet chemical fire extinguishing equipment.

"P-9", the protective system described in the Schedule.

B. The following is added to the **Exclusions section of:**

Causes Of Loss - Basic Form

Causes Of Loss - Broad Form

Causes Of Loss - Special Form

Mortgageholders Errors And Omissions Coverage
Form

Standard Property Policy

We will not pay for loss or damage caused by or
resulting from fire if, prior to the fire, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

CIVIL AUTHORITY CHANGE(S)

POLICY NUMBER: s 2003458

COMMERCIAL PROPERTY
CP 15 32 06 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Schedule Part A Coverage Period (Number Of Days)	Schedule Part B Radius (Number Of Miles)
ALL	ALL		5 MILES
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

A. Coverage Period

Under the Additional Coverage — Civil Authority, the four-week coverage period is replaced by the number of days indicated in Part A of the Schedule, subject to all other provisions of that Additional Coverage. If there is no entry in Part A of the Schedule, the four-week coverage period continues to apply, subject to all other provisions of the Additional Coverage — Civil Authority.

B. Radius

The Additional Coverage — Civil Authority includes a requirement that the described premises are not more than one mile from the damaged property. Such one-mile radius is replaced by the number of miles indicated in Part B of the Schedule, subject to all other provisions of that Additional Coverage. If there is no entry in Part B of the Schedule, the one-mile radius continues to apply, subject to all other provisions of the Additional Coverage — Civil Authority.

- C. The coverage provided under this endorsement does not increase the applicable Limit of Insurance.

UTILITY SERVICES — TIME ELEMENT

POLICY NUMBER: S 2003458

COMMERCIAL PROPERTY
CP 15 45 10 12

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Utility Services Limit Of Insurance	Enter "X" for each applicable property.					
			Water Supply Property	Waste-Water Removal Property	Communication Supply Property (including overhead transmission lines)	Communication Supply Property (not including overhead transmission lines)	Power Supply Property (including overhead transmission lines)	Power Supply Property (not including overhead transmission lines)
1	1	\$100,000			X		X	
Causes Of Loss Form Applicable: SPECIAL								
2	1	\$100,000			X		X	
Causes Of Loss Form Applicable: SPECIAL								
Causes Of Loss Form Applicable:								
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.								

A. Coverage

Your coverage for Business Income and/or Extra Expense, as provided and limited in the applicable Coverage Form, is extended to apply to a "suspension" of "operations" at the described premises caused by an interruption in utility service to that premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss (as provided under the applicable Causes of Loss Form indicated in the Schedule) to the property described in Paragraph C. if such property is indicated by an "X" in the Schedule.

B. Exception

Coverage under this endorsement does not apply to Business Income loss or Extra Expense related to interruption in utility service which causes loss or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in the Coverage Form to which this endorsement applies.

C. Utility Services

1. Water Supply Property, meaning the following types of property supplying water to the described premises:
 - a. Pumping stations; and
 - b. Water mains.
2. Wastewater Removal Property, meaning a utility system for removing wastewater and sewage from the described premises, other than a system designed primarily for draining storm water. The utility property includes sewer mains, pumping stations and similar equipment for moving the effluent to a holding, treatment or disposal facility, and includes such facilities.

Coverage under this endorsement does not apply to interruption in service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.

3. Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:

- a. Communication transmission lines, including optic fiber transmission lines;
- b. Coaxial cables; and
- c. Microwave radio relays except satellites.

It does not include overhead transmission lines unless indicated by an "X" in the Schedule.

4. Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:

- a. Utility generating plants;
- b. Switching stations;
- c. Substations;
- d. Transformers; and
- e. Transmission lines.

It does not include overhead transmission lines unless indicated by an "X" in the Schedule.

- D. As used in this endorsement, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.
- E. The **Coinurance** Additional Condition does not apply to this endorsement.
- F. The Utility Services Limit Of Insurance, as shown in the Schedule, is the only Limit which applies to the coverage provided under this endorsement, and is part of, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the described premises.

Previous Policy Number

Policy Number

ElitePac® Schedule — Lessors Risk

COVERAGE	LIMIT
Additional Costs	\$250,000
Additional Property Covered:	
The cost of excavations, grading, backfilling or filling	Included in Bldg Limit
Foundations of buildings, structures, machinery or boilers	Included in Bldg Limit
Personal property while airborne or waterborne	Included in BPP Limit
Underground pipes, flues or drains	Included in Bldg Limit
Arson, Theft and Vandalism Rewards (not applicable in New York)	\$25,000
Back Up Of Sewer, Drain Or Sump - Direct Damage	\$100,000
Brands and Labels	Included in BPP Limit
Building Owner - Tenant Move Back Expenses	\$25,000
Business Income/Extra Expense Related Additional Coverages	
Auto Physical Damage Business Income	\$25,000
Back Up Of Sewer, Drain Or Sump - Business Income	\$100,000
Building Owner - Lessor's Leasehold Interest	\$25,000
Contractual Penalty	\$25,000
Denial of Service	\$25,000
Dependent Properties	\$100,000
Extended Period of Indemnity	365 Days
Extra Expense (applies if no Business Income - ALS coverage)	\$50,000
Food Contamination Shutdown	\$25,000
Increased Realty Tax Assessment	\$50,000
Ingress or Egress	\$50,000
Newly Acquired Locations - Business Income	\$250,000
Pollutant Clean-up and Removal - Business Income	\$25,000
Project R & D Documentation and Prototypes Business Income	Included in BI Limit
Transit Business Income	\$25,000
Unnamed Premises - Business Income	\$10,000
Utility Services - Time Element	\$25,000
Business Personal Property Seasonal Increase	10%

COVERAGE	LIMIT
Change of Temperature and Humidity	Included
Claim Expenses	\$25,000
Consequential Loss to Stock	Included in Valuation
Debris Removal - Additional Limit	\$250,000
Deductible (waiver of multiple property deductibles)	Included
Deferred Payments	\$25,000
Fire Department Service Charge	\$10,000
Fire Extinguishing Equipment	Actual Loss Sustained
Inland Marine Related Coverages	
Accounts Receivable	\$100,000
Electronic Information Systems (aka Computer Equipment and Electronic Data)	\$100,000
Fine Arts	\$25,000
Installation Property	\$25,000
Mobile Equipment	\$25,000
Personal Effects - Within the Coverage Territory	\$5,000 Per Person \$25,000 Per Occurrence
Personal Effects - Outside the Coverage Territory	\$5,000 Per Person \$25,000 Per Occurrence
Property in Transit - Within the Coverage Territory	\$50,000
Property in Transit - Outside The Coverage Territory	\$10,000
Refrigerated Property - In Transit	\$25,000
Salesperson's Samples - Within the Coverage Territory	\$25,000
Salesperson's Samples - Outside the Coverage Territory	\$10,000
Tools and Equipment	\$10,000
Valuable Papers and Records	\$100,000
Lock Replacement	\$10,000
Marring and Scratching	Included
Members and Guests Property	\$1,000 Per Person \$25,000 Per Occurrence
Newly Acquired or Constructed Property - Building Per Location	\$1,000,000
Newly Acquired or Constructed Property - Business Personal Property Per Location	\$500,000

COVERAGE	LIMIT
Non-Owned Detached Trailers	\$10,000
Ordinance or Law Coverage	
Coverage A - Undamaged Parts of a Building	Included in Bldg Limit
Coverage B - Demolition Cost	\$500,000
Coverage C - Increased Cost of Construction	\$500,000
Coverage D - Tenants Improvements and Betterments	\$25,000
Outdoor Property	\$100,000
Outdoor Trees, Shrubs and Plants (\$2,500 any one item)	\$25,000
Personal Property At Unnamed Premises - Within The Coverage Territory	\$50,000
Personal Property At Unnamed Premises - Outside The Coverage Territory	\$10,000
Personal Property of Others	Included in BPP Limit
Pollutant Clean-up and Removal	\$25,000
Premises Boundary Increased Distance	1,000 Feet
Preservation of Property	60 Days
Replacement Cost Valuation for Personal Property of Others	Included
Selling Price Valuation	Included
Spoilage (formerly Refrigerated Property)	\$25,000
Tenant Building and Business Personal Property Coverage Required By Lease	\$25,000
Tenant's Building Glass Liability	Included in BPP Limit
Tenant Lease Assessment	\$5,000
Tenant Leasehold Improvements	\$25,000
Theft Damage to Building	Included in BPP Limit
Theft Limitation Amendments	
Furs	\$5,000
Patterns, Dies, Molds and Forms	Included in BPP Limit
Precious Metals	\$10,000
Utility Service - Direct Damage	\$25,000
Voluntary Parting by Trick, Scheme or Device	Included

SYSTEMS POWER PAC DEDUCTIBLE

POLICY NUMBER: S 2003458

COMMERCIAL PROPERTY
CP 80 11 04 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

SYSTEMS POWER PAC

The following is added to Systems Power Pac:

SCHEDULE

The Deductibles applicable to any one "accident" are shown below:

Prem. No.	Bldg. No.	Deductible(s)
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Unless otherwise shown in the Schedule above, the deductible(s) will be:
COMBINED COVG FOLLOWS PROPERTY DEDUCTIBLE

SCHEDULE OF COVERAGES DIFFERENCE IN CONDITIONS

POLICY NUMBER: S 2003458

AAIS
IM 78 05 07 07

(The entries required to complete this schedule will be shown below or on the "schedule of coverages".)

COVERAGES (check one)

- ☐ Blanket Coverage
- ☒ Scheduled Locations Coverage (check one)
- ☒ Refer to Locations Schedule
- ☐ Schedule On File

TYPE OF COVERAGES (check one)

- ☐ DIC Coverage
- ☒ DIC Coverage Excluding Property Perils

Property Policy Information

Insurer **SELECTIVE INSURANCE COMPANY OF SOUTH CAROLINA**

Policy Number S 2003458

Excess Coverage (check if applicable)

- ☐ Excess coverage for earthquake
- ☐ Excess coverage for "flood"

National Flood Insurance Program (if applicable)

Policy Number **NOT APPLICABLE**

EARTHQUAKE LIMITS

If Income Coverage is part of this policy and a loss is caused by or results from an earthquake, the "limit" for Income Coverage is part of and not in addition to the Earthquake Limits indicated below.

Occurrence Limit — The earthquake "occurrence limit" is:	\$6,760,000
Aggregate Limit — The earthquake "aggregate limit" is:	\$6,760,000
Catastrophe Limit — The earthquake "catastrophe limit" is:	\$10,000,000

FLOOD LIMITS

If Income Coverage is part of this policy and a loss is caused by or results from a "flood", the "limit" for Income Coverage is part of and not in addition to the Flood Limits indicated below.

Occurrence Limit — The "flood" "occurrence limit" is:	NOT COVERED
Aggregate Limit — The "flood" "aggregate limit" is:	NOT COVERED
Catastrophe Limit — The "flood" "catastrophe limit" is:	NOT COVERED

ALL OTHER COVERED PERILS LIMITS
(Excluding Earthquake And Flood)

Occurrence Limit — The “occurrence limit”
for all other covered perils (excluding
earthquake and “flood”) is:

NOT COVERED

Aggregate Limit — The “aggregate limit”
for all other covered perils (excluding
earthquake and “flood”) is:

NOT COVERED

Catastrophe Limit — The “catastrophe limit”
for all other perils (excluding earthquake and
“flood”) is:

NOT COVERED

COVERAGE EXTENSIONS

LIMIT

Additional Debris Removal Expenses

\$10,000

Emergency Removal

30 DAYS

Limited Fungus Coverage

\$15,000

SUPPLEMENTAL COVERAGES

LIMIT

Foundations Of Buildings, Pilings
And Underground Pipes

\$100,000

Newly Acquired Buildings

\$100,000

Ordinance or Law (Undamaged Parts
Of A Building)

COVERED

Ordinance or Law (Increased Cost To
Repair and Cost To Demolish/Clear Site)

\$100,000

Personal Property — Acquired Locations

\$100,000

Pollutant Cleanup And Removal

\$25,000

Property In Transit

\$50,000

COVERAGE OPTION

Masonry Veneer (check one)

- ☒ Covered For Loss Caused By Earthquake
☐ Not Covered For Loss Caused By Earthquake

VALUATION (check one)

- ☐ Actual Cash Value
☒ Replacement Cost

DEDUCTIBLES**Earthquake Deductible****\$25,000****Flood Deductible****NOT APPLICABLE****All Other Covered Perils Deductible****NOT APPLICABLE****INCOME COVERAGE PART****Coverage Options** (check one)☒

No coverage

☐

Earnings/"Rents"/Extra Expense

☐

Earnings/Extra Expense

Income Coverage Limit**NOT COVERED**

The Earthquake Limits and Flood Limits are the only "limits" that apply when a covered loss is caused by or results from earthquake or "flood".

Income Coverage Waiting Period**NOT APPLICABLE****OPTIONAL COVERAGES AND ENDORSEMENTS**

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

COMMERCIAL PROPERTY
CP 00 10 10 12

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

a. **Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. **Your Business Personal Property** consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. **Personal Property Of Others that is:**

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This Paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or

q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
 - (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
 - (e) Remove deposits of mud or earth from the grounds of the described premises;

(f) Extract "pollutants" from land or water; or

(g) Remove, restore or replace polluted land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.

(4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

Limit of Insurance:	\$	90,000
Amount of Deductible:	\$	500
Amount of Loss:	\$	50,000
Amount of Loss Payable:	\$	49,500
		(\$50,000 - \$500)
Debris Removal Expense:	\$	10,000
Debris Removal Expense Payable:	\$	10,000
(\$10,000 is 20% of \$50,000.)		

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example 2

Limit of Insurance:	\$	90,000
Amount of Deductible:	\$	500
Amount of Loss:	\$	80,000
Amount of Loss Payable:	\$	79,500
		(\$80,000 - \$500)
Debris Removal Expense:	\$	40,000
Debris Removal Expense Payable		
Basic Amount:	\$	10,500
Additional Amount:	\$	25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
 - (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
 - (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
- (a) If the Causes Of Loss - Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (b) If the Causes Of Loss - Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
- (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.

- (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and

- (b) Buildings you acquire at locations, other than the described premises, intended for:

- (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;

- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss - Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss - Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.

- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
- (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
- (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;

- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
- (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
- (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.

- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.
- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
- (a) Will end 90 days after the business personal property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.

- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance - Building 1:	\$ 60,000
Limit of Insurance - Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

\$ 60,100	
- 250	
\$ 59,850	Loss Payable - Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

$$\$59,850 + \$80,000 = \$139,850$$

Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable - Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable - Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- Pay its chosen appraiser; and
- Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (8) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

- d. We will not pay you more than your financial interest in the Covered Property.

- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- (1) We have reached agreement with you on the amount of loss; or

- (2) An appraisal award has been made.

- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in b., c., d. and e. below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

(1) Awnings or floor coverings;

(2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

(3) Outdoor equipment or furniture.

c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

d. Glass at the cost of replacement with safety-glazing material if required by law.

e. Tenants' Improvements and Betterments at:

(1) Actual cash value of the lost or damaged property if you make repairs promptly.

(2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example 1 (Underinsurance)

When: The value of the property is: \$ 250,000
The Coinsurance percentage for it is: 80%
The Limit of Insurance for it is: \$ 100,000
The Deductible is: \$ 250
The amount of loss is: \$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example 2 (Adequate Insurance)

When: The value of the property is: \$ 250,000
The Coinsurance percentage for it is: 80%
The Limit of Insurance for it is: \$ 200,000
The Deductible is: \$ 250
The amount of loss is: \$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example 3

When: The value of the property is:
Building at Location 1: \$ 75,000
Building at Location 2: \$ 100,000
Personal Property at Location 2: \$ 75,000
\$ 250,000

The Coinsurance percentage for it is: 90%

The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is: \$ 180,000
The Deductible is: \$ 1,000

The amount of loss is:
Building at Location 2: \$ 30,000
Personal Property at Location 2: \$ 20,000
\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example

If: The applicable Limit of Insurance is: \$ 100,000
The annual percentage increase is: 8%
The number of days since the beginning of the policy year (or last policy change) is: 146
The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.

b. This Optional Coverage does not apply to:

- (1) Personal property of others;
- (2) Contents of a residence;
- (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.

d. We will not pay on a replacement cost basis for any loss or damage:

- (1) Until the lost or damaged property is actually repaired or replaced; and
- (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

(3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and

(4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

COMMERCIAL PROPERTY
CP 00 30 10 12

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Limitation - Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
- (2) When your Civil Authority Coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:

- (a) Used in the construction, alterations or additions; or
- (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation - Interruption Of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation - Interruption Of Computer Operations does not apply based on Paragraph A.4.d. therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:

- (a) If the Causes Of Loss - Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss - Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption

which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;
 - (2) 30 days expire after you acquire or begin to construct the property; or
 - (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

- The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

- 1. Alterations And New Buildings;
- 2. Civil Authority;
- 3. Extra Expense; or
- 4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

- a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not

a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:

- (1) The Net Income of the business before the direct physical loss or damage occurred;
- (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

- (a) Your financial records and accounting procedures;
- (b) Bills, invoices and other vouchers; and
- (c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

- (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
- (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times

2. The sum of:

- a. The Net Income (Net Profit or Loss before income taxes), and
- b. Operating expenses, including payroll expenses,

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;

Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and

Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight - outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;

- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion - not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$150,000

The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$200,000

The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
 - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example

When: The Limit of Insurance is: \$120,000

The fraction shown in the
Declarations for this Optional
Coverage is: 1/4

The most we will pay for loss in
each period of 30 consecutive
days is: \$ 30,000

$(\$120,000 \times 1/4 = \$30,000)$

If, in this example, the actual
amount of loss is:

Days 1-30:	\$ 40,000
Days 31-60:	\$ 20,000
Days 61-90:	\$ 30,000
	<hr/>
	\$ 90,000

We will pay:

Days 1-30:	\$ 30,000
Days 31-60:	\$ 20,000
Days 61-90:	\$ 30,000
	<hr/>
	\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and
 - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
 - (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

- b. The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
- (2) The expiration date of this policy; whichever occurs first.

- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) Within 12 months of the effective date of this Optional Coverage; or
- (2) When you request a change in your Business Income Limit of Insurance.

- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

- (1) The Business Income Limit of Insurance; divided by
- (2) The Agreed Value.

Example

When: The Limit of Insurance is: \$100,000

The Agreed Value is: \$200,000

The amount of loss is: \$ 80,000

Step (1): $\$100,000 \div \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:
- a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
- a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.
- "Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:
- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or
 - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
- a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

COMMERCIAL PROPERTY CONDITIONS

COMMERCIAL PROPERTY

This "Coverage Part is subject to the following conditions the Common policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning

1. This Coverage Part;
2. The Covered property;
3. Your interest in the Covered property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPER

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGE

If two or more of this policy's coverages apply to the same loss or damage we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the Coverage under this Coverage Part without addi-

tional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization other than you having custody of Covered property will benefit from this insurance

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this "Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada

COMMERCIAL PROPERTY

1. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.

2. After a loss to your Covered Property or Covered income only if, at time of loss, that party is one of the following:

- a. Someone insured by this insurance;
- b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you: or
- c. Your tenant.

This will not restrict your insurance.

NORTH CAROLINA CHANGES

COMMERCIAL PROPERTY
CP 01 18 02 14

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.

B. The **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within three years after the date on which the direct physical loss or damage occurred.

C. Paragraph **d.** of the **Replacement Cost Optional Coverage** is replaced by the following:

Replacement Cost Optional Coverage

d. We will not pay on a replacement cost basis for any loss or damage:

(1) Until the lost or damaged property is actually repaired or replaced:

- (a) On the described premises; or
- (b) At some other location in the State of North Carolina; and

(2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, if covered, the following also apply:

(3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Condition of the applicable Coverage Form; and

(4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

The above Provision, **d.**, does not apply to the Standard Property Policy **CP 00 99**.

D. The **Appraisal Loss** Condition is replaced by the following:

Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be the appraised value of the property or amount of loss. If you make a written demand for an appraisal of the loss, each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

E. The following condition is added:

Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the state of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

1. If the Covered Property that has sustained loss or damage is located within the geographic area designated in the disaster declaration or proclamation, the time period for your submission of a proof of loss (as set forth in the Duties In The Event Of Loss Or Damage Condition or similar provision in this Coverage Part or in an endorsement attached to this Coverage Part) shall be extended by a time period not exceeding the earlier of:
 - a. The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or
 - b. The expiration of the Insurance Commissioner's order declaring action for the specific disaster, as determined by the Insurance Commissioner.

2. Except as otherwise provided in Paragraph 1., the following applies if you or we reside in or are located in the geographic area designated in the disaster declaration or proclamation:

If this Coverage Part or an endorsement attached to this Coverage Part imposes a time limitation on you or us for a performance of:

- a. A premium or debt payment; or
- b. Any other duty or any act (including transmittal of information),

under the terms of this Coverage Part and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, as determined by the Insurance Commissioner, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

COMMERCIAL PROPERTY
CP 01 40 07 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A. The exclusion set forth in Paragraph B. applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C. With respect to any loss or damage subject to the exclusion in Paragraph B., such exclusion supercedes any exclusion relating to "pollutants".
- D. The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
 - 1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 - 2. Additional Coverage — Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E. The terms of the exclusion in Paragraph B., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

CAUSES OF LOSS — SPECIAL FORM

COMMERCIAL PROPERTY
CP 10 30 10 12

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G. Definitions**.

A. Covered Causes of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and after-shocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty.

Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or
 - (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.
 - (1) Wear and tear;
 - (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

- (7) The following causes of loss to personal property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.

- h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
 - (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, including any of the following conditions of property or any part of the property:
- (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, k., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or

- (b) To collapse caused by one or more of the following:

- (i) The "specified causes of loss";
- (ii) Breakage of building glass;
- (iii) Weight of rain that collects on a roof; or
- (iv) Weight of people or personal property.

- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, l., does not apply to damage to glass caused by chemicals applied to the glass.

- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

- c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

- (3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

- (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.

- (2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph B.1.a. Ordinance Or Law;
- (b) Paragraph B.1.c. Governmental Action;
- (c) Paragraph B.1.d. Nuclear Hazard;
- (d) Paragraph B.1.e. Utility Services; and
- (e) Paragraph B.1.f. War And Military Action.

- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

(1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or

(2) Business Income Coverage or Extra Expense Coverage.

e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:

(1) Dampness or dryness of atmosphere or of soil supporting the vegetation;

(2) Changes in or extremes of temperature;

(3) Disease;

(4) Frost or hail; or

(5) Rain, snow, ice or sleet.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

a. Animals, and then only if they are killed or their destruction is made necessary.

b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

(1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):

- a. \$2,500 for furs, fur garments and garments trimmed with fur.
- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2,500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.3., does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:
- a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage - Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in D.1. through D.7.

- 1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- 2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in 2.a. or 2.b.;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.

3. This **Additional Coverage - Collapse** does not apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in 2.a. through 2.d., we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

a. The collapse of personal property was caused by a cause of loss listed in 2.a. through 2.d.;

b. The personal property which collapses is inside a building; and

c. The property which collapses is not of a kind listed in 4., regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph 5. does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in D.1. through D.7.

E. Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

a. A "specified cause of loss" other than fire or lightning; or

b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under E.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.

6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension F.3. does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means:

- (1)** Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2)** Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

SYSTEMS POWER PAC

COMMERCIAL PROPERTY
CP 75 51 05 11

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

SECTION — I

The following is added as an Additional Coverage to the Causes of Loss — Basic Form, Broad Form or Special Form.

A. ADDITIONAL COVERAGE — EQUIPMENT BREAKDOWN.

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident." As used in this Additional Coverage, "accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:
 - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. Artificially generated electrical, magnetic or electromagnetic energy, including electric arcing, that damages, disturbs, disrupts or otherwise interferes with any electrical or electronic wire, device, appliance, system or network;
 - c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. Unless otherwise shown in a Schedule, the following coverages also apply to the direct result of an "accident." These coverages do not provide additional amounts of insurance.

a. Expediting Expenses

With respect to your damaged Covered Property, we will pay the reasonable extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

The most we will pay for loss or expense under this coverage is \$250,000 unless otherwise shown in a Schedule.

b. Hazardous Substances

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in 2.c.(1)(b) below.

As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$250,000 unless otherwise shown in a Schedule.

c. Spoilage

(1) We will pay:

- (a)** For physical damage to "perishable goods" due to spoilage;
- (b)** For physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
- (c)** Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

- (2)** If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident," less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

The most we will pay for loss, damage or expense under this coverage is \$250,000 unless otherwise shown in a Schedule or the Spoilage Limit endorsement.

d. Service Interruption

- (1)** Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by the interruption of utility services. The interruption must result from an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, propane gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.

- (2)** Unless otherwise shown in a Schedule, we will not pay for any loss of Business Income you sustain that results from the interruption of utility services during the first 24 hours following the "accident." However, if a deductible is shown in the Systems Power Pac Deductible Endorsement as provided for in **SECTION — II, Paragraph A.**, or if the "period of restoration" begins more than 24 hours after the time of the direct physical damage for Business Income, then that deductible or time period will apply instead of the 24 hours provided for in this paragraph.

- (3)** The most we will pay in any "one accident" for loss, damage or expense under this coverage is the applicable limit for Business Income, Extra Expense or Spoilage, except that if a limit is shown in a Schedule for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

e. Business Income and Extra Expense

Any insurance provided under this coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a Business Income deductible is shown in the Systems Power Pac Deductible Endorsement as provided for in **SECTION — II, Paragraph A.**, then as respects Equipment Breakdown coverage, the "period of restoration" will begin immediately after the "accident," and the deductible shown in the Deductible Endorsement will apply.

The most we will pay for loss or expense under this coverage is the applicable limit for Business Income and Extra Expense, unless otherwise shown in a Schedule.

f. Animals

We will pay for the loss of or damage to animals owned by others and boarded by you, or if owned by you, only as "stock" while inside of the building and then only if they are killed or their destruction is made necessary.

The most we will pay for loss under this coverage is \$250,000 unless otherwise shown in a Schedule.

B. EXCLUSIONS

All exclusions in the Causes of Loss form apply except as modified below and to the extent that coverage is specifically provided by this Additional Coverage Equipment Breakdown.

1. The following exclusions are modified:

- a. If the **Causes of Loss — Basic Form** or **Causes of Loss — Broad Form** applies, the following is added to Exclusion B.2.:

Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. But if an "accident" results, we will pay for the resulting loss, damage or expense.

- b. The following is added to Exclusion B.1.g.:

However, if electrical "covered equipment" requires drying out because of Water as described in g.(1) through g.(3) above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.

- c. If the **Causes of Loss — Special Form** applies, as respects this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an "accident," we will pay for the loss, damage or expense caused by that "accident."

2. The following exclusions are added:

- a. We will not pay under this endorsement for loss, damage or expense caused by or resulting from:

(1) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment; or

(2) Any of the following:

- (a) Defect, programming error, programming limitation, computer virus, malicious code, loss of "data," loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind; or

- (b) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

However, if an "accident" results, we will pay for the resulting loss, damage or expense caused by that "accident."

3. With respect to Service Interruption coverage, we will also not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in A.1.c. above); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.
4. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.
5. We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident": Any mold, fungus, mildew or yeast, including any spores or toxins produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such mold, fungus, mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is "perishable goods," to the extent that spoilage is covered under Spoilage coverage.
6. We will not pay under this endorsement for any loss or damage to animals, except as provided under A.2.f. **Animals**.

C. DEFINITIONS

The following are added to G. **DEFINITIONS**:

1. "Boilers and vessels" means:

- a. Any boiler, including attached steam, condensate and feedwater piping; and
- b. Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in a Schedule.

2. "Covered equipment"

a. **"Covered equipment"** means unless otherwise specified in a Schedule, Covered Property:

- (1) That generates, transmits or utilizes energy; or
- (2) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

b. None of the following is "covered equipment":

- (1) Structure, foundation, cabinet, compartment or air supported structure or building;
- (2) Insulating or refractory material;
- (3) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler system;
- (4) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (5) "Vehicle" or any equipment mounted on a "vehicle";
- (6) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (7) Dragline, excavation or construction equipment;
- (8) Equipment manufactured by you for sale; or
- (9) Electronic data processing equipment, unless used to operate or control "covered equipment." Electronic Data Processing Equipment includes programmable electronic equipment that is used to store, retrieve and process data; and associated peripheral equipment.

3. **"Data"** means information or instructions stored in digital code capable of being processed by machinery.

4. **"Hazardous substance"** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

5. **"Media"** means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.

6. **"One accident"** means: If an initial "accident" causes other "accidents," all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident."

7. **"Perishable goods"** means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

8. **"Production machinery"** means any machine or apparatus that processes or produces a product intended for eventual sale. However, "production machinery" does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.

This term does not appear elsewhere in this endorsement, but may appear in a Schedule.

9. **"Vehicle"** means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

SECTION — II

The Building and Personal Property Coverage Form is amended as follows.

The definitions stated above also apply to Section II. of this endorsement.

A. DEDUCTIBLE

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown on the Systems Power Pac Deductible Endorsement. If a separate Equipment Breakdown deductible is shown, the following applies:

Only as regards Equipment Breakdown Coverage, provision **D. DEDUCTIBLE** is deleted and replaced with the following:

1. Deductibles for Each Coverage

- a. Unless the Deductible Endorsement indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one accident."
- b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the Deductible Endorsement. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- c. If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one accident," only the highest deductible for each coverage will apply.

2. Direct and Indirect Coverages

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Deductible Endorsement.
- b. Unless more specifically indicated in the Deductible Endorsement:
 - (1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
 - (2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.

3. Application of Deductibles

a. Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the applicable Deductible shown in the Deductible Endorsement. We will then pay the amount of loss, damage or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.

b. Time Deductible

If a time deductible is shown in the Deductible Endorsement, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident." If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

c. Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration."

The number indicated in the Deductible Endorsement will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

d. Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

B. CONDITIONS

The Building and Personal Property Coverage Form and the Common Policy Conditions are amended as follows:

1. Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment." This can be done by mailing or delivering a written notice of suspension to:

- a. Your last known address; or
- b. The address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment." If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

2. Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

3. Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident," we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.

The most we will pay for loss, damage or expense under this endorsement arising from any "one accident" is the applicable Limit of Insurance in the Declarations unless otherwise shown in a Schedule. Coverage provided under this endorsement does not provide an additional amount of insurance.

ElitePac®
Property Extension Endorsement

COMMERCIAL PROPERTY
CP 76 30 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

1. All references in the above forms to 100 feet are changed to 1,000 feet.
2. If we or any of our affiliates issue other insurance to you and more than one limit of insurance applies to loss or damage sustained by you, the following limitations will apply:
 - a. Your recovery under all such insurance will not exceed the actual amount of loss or damage sustained; and
 - b. The insurance provided by this endorsement applies in excess of and, except as to premium, limits and notice, follows the terms, conditions, limitations and exclusions of other applicable insurance issued to you by us or any of our affiliates.
3. With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by the endorsement.

SECTION I

The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** is amended as follows:

COVERED PROPERTY - BUILDING

Under **Section A. Coverage**, Paragraph 1.a. **Building**, the following is added to subparagraph (4):

- (e) Lobby and hallway furnishings owned by you.

PROPERTY NOT COVERED

Under **Section A. Coverage**, Paragraph 2. **Property Not Covered**, subparagraphs f., g., i., and m. are deleted.

ADDITIONAL COVERAGES

Debris Removal

Under **Section A.4. Additional Coverages**, Paragraph a. **Debris Removal**, the following are amended:

Subparagraph (1) is deleted and replaced by the following:

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

The \$10,000 limit shown in paragraph (4) is deleted and replaced by the limit shown in the ElitePac Schedule.

Preservation Of Property

Under **Section A.4. Additional Coverages**, Paragraph b. **Preservation Of Property**, subparagraph b.(2) is deleted and replaced by the following:

- (2) Only if the loss or damage occurs within the number of days shown in the ElitePac Schedule after the property is first moved.

Fire Department Service Charge

Under **Section A.4. Additional Coverages**, Paragraph c. **Fire Department Service Charge**, the \$1,000 limit is deleted and replaced by the limit shown in the ElitePac Schedule.

Pollutant Clean-Up And Removal

Under **Section A.4. Additional Coverages**, Paragraph d. **Pollutant Clean-up and Removal**, the \$10,000 limit is deleted and replaced by the limit shown in the ElitePac Schedule.

COVERAGE EXTENSIONS

Section A.5. Coverage Extensions is deleted and replaced by the following:

Unless otherwise stated in this endorsement or in a specific Coverage Extension, Coverage Extensions:

1. Are subject to the Deductible shown in the Commercial Property Coverage Declarations or \$500 per occurrence, whichever is less;
2. Are not subject to the **Additional Condition Coinsurance**;
3. Are in addition to the Limits of Insurance shown in the Declarations; and
4. Apply to each described premises on a per occurrence basis.

Accounts Receivable

You may extend the insurance provided by this Coverage Form as set forth in the Accounts Receivable Coverage Endorsement **CP 76 64** which is made part of this policy.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

No deductible applies to this Coverage Extension.

Additional Costs

You may extend the insurance provided by this Coverage Form to pay for Additional Costs as a result of direct physical loss or damage to Buildings at described premises caused by or resulting from a Covered Cause of Loss.

1. Additional Costs mean only the following necessary additional expenses you have paid over and above the estimated completed cost of any building or structure covered by this Coverage Extension:
 - a. Additional real estate broker fees or commission;
 - b. Additional architect, engineering and consulting fees other than fees and costs billed by and payable to independent or public adjusters or any of their affiliated entities;
 - c. Additional legal or accounting fees; and
 - d. Additional advertising and promotional expenses.
2. This Coverage Extension does not apply to:
 - a. Claim Expenses; or
 - b. Ordinance Or Law.
3. We will pay any covered loss of Additional Costs only for that period of time that:
 - a. Begins on the date of the Covered Cause of Loss; and
 - b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Arson, Theft And Vandalism Rewards

(This Provision Does Not Apply In New York)

You may extend the insurance provided by this Coverage Form to apply to reimbursement for payment of rewards given to any person or persons other than you, your officers, your partners, your employees, public police, or fire officials who provide(s) information leading to a conviction in connection with:

1. A covered fire loss to the described premises caused by arson;

2. An actual or attempted theft of money or Covered Property; or
3. A covered vandalism loss to the described premises.

The most we will pay under this Coverage Extension for any one occurrence is the limit shown in the ElitePac Schedule. This is the most we will pay regardless of the number of persons who provided information.

No deductible applies to this Coverage Extension.

Back Up Of Sewer, Drain Or Sump - Direct Damage

You may extend the insurance provided by this Coverage Form to pay for direct physical loss or damage to Covered Property at described premises caused by or resulting from:

1. Water or waterborne material that backs up or overflows or is otherwise discharged from the described premises sewer, drain, sump, sump pump or related equipment; or
2. Water under the ground surface pressing on, or flowing or seeping through foundations, walls, floors or paved surfaces.

However, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

For purposes of this Coverage Extension, drain does not include a roof drain, gutter, downspout or similar fixtures or equipment.

This Coverage Extension does not apply to loss or damage caused by or resulting from your failure to:

1. Keep a sump pump or its related equipment in proper working condition; or
2. Perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule or the Building and/or the Business Personal Property Limit of Insurance shown in the Declarations, whichever is less.

This Coverage Extension is not flood insurance. We will not pay for direct physical loss or damage from water or waterborne material that backs up or overflows from a sewer, drain, sump, sump pump or related equipment caused by any flood whether or not the flood contributes concurrently or in any sequence to the loss. This applies regardless of the proximity of the flood to Covered Property. Flood includes the accumulation of surface water, waves, tides, tidal waves, overflow of streams or other bodies of water, or their spray, all whether driven by wind or not, that enters the sewer or drain system.

Brands And Labels

If Your Business Personal Property that has a brand or label is damaged by a Covered Cause of Loss and we elect to take all or any part of the damaged property at an agreed or appraised value, you may extend the insurance that applies to Your Business Personal Property to:

1. Pay expenses you incur to:
 - a. Label or stamp the damaged property as salvage, if doing so will not physically damage the property; or
 - b. Remove the brand or label and then re-label the damaged property to comply with applicable law.
2. Cover any reduction in the salvage value of the damaged property as a result of the removal of the brand or label.

The most we will pay under this Coverage Extension is the applicable Limit of Insurance for Your Business Personal Property shown in the Declarations.

This Coverage Extension is not in addition to the limits shown in the Declarations and is included within Your Business Personal Property Limit of Insurance.

Building Owner - Tenant Move Back Expenses

You may extend the insurance provided by this Coverage Form to apply to expenses you incur as building owner to move tenants back into a described premises rendered temporarily untenable by direct physical loss or damage to that premises caused by a Covered Cause of Loss.

We will pay only for the following expenses that are documented, reasonable and necessary:

1. Packing, insuring and transporting Business Personal Property;
2. Re-establishing electric utility and communication services, less any refunds due tenants from discontinued services;
3. Assembly and setting up fixtures and equipment; and/or
4. Unpacking and re-shelving stock and supplies.

We will pay only for such expenses incurred within 60 days of the date that the portion of the building rented by your tenant has been repaired or rebuilt and is ready for occupancy.

If your tenants have valid and collectible insurance for move back expenses, we will pay only for the documented, reasonable and necessary amount in excess of the amount payable from such other insurance.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Claim Expenses

You may extend the insurance provided by this Coverage Form to apply to all reasonable expenses that you incur at our request to assist us in the:

1. Investigation of a claim;
2. Determination of the amount of loss, such as taking inventory or making appraisals; and/or
3. Cost of preparing specific loss documents and other supporting exhibits.

We will not pay for expenses:

1. Incurred to perform your duties under Section E. **Loss Conditions, Paragraph 2. Appraisal;**
2. Incurred to prove that loss or damage is covered;
3. Billed by and payable to independent or public adjusters, attorneys or any of their affiliated entities; and/or
4. To prepare claims not covered by this policy.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Deferred Payments

You may extend the insurance provided by Your Business Personal Property to protect your interest in lost or damaged Covered Property sold by you under a conditional sale or trust agreement or any installment or deferred plan when such loss or damage results from direct physical loss to that Covered Property after delivery to buyers caused by or resulting from a Covered Cause of Loss.

When a loss occurs and the buyer continues to pay you, there will be no loss payment.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Electronic Information Systems

You may extend the insurance provided by this Coverage Form as set forth in the Electronic Information Systems Coverage Endorsement **CP 76 67** which is made part of this policy.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

The per occurrence deductible shown in the Declarations applies to this Coverage Extension.

Extra Expense

You may extend the insurance provided by this Coverage Form to apply to the actual and necessary Extra Expense you sustain due to direct physical loss or damage to Covered Property at the premises described in the Declarations caused by or resulting from a Covered Cause of Loss.

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

1. We will pay any Extra Expense to:
 - a. Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations including:
 - (1) Relocation expenses; and
 - (2) Costs to equip and operate the replacement or temporary locations.
 - b. Minimize the "suspension" of business if you cannot continue "operations".
2. We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

This Coverage Extension does not apply if Business Income - Actual Loss Sustained coverage is made part of this policy.

The following definitions apply to the coverage provided by this Coverage Extension:

1. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises.
2. "Period of Restoration" means the period of time that:
 - a. Begins immediately after the time of direct physical loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- a. Regulates the construction, use or repair, or requires the tearing down of any property; or
- b. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

3. "Suspension" means:
 - a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

No deductible applies to this Coverage Extension.

Fine Arts

You may extend the insurance provided by this Coverage Form as set forth in the Fine Arts Coverage Endorsement **CP 76 68** which is made part of this policy.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Fire Extinguishing Equipment

You may extend the insurance provided by this Coverage Form to:

1. Apply to direct physical loss or damage to Covered Property;
2. Pay for the cost to recharge or refill any "fire extinguishing equipment"; and
3. Pay the cost you incur to clean up the released extinguishing agent;

when "fire extinguishing equipment" is discharged:

1. Due to a Covered Cause of Loss;
2. As a result of the intended operation of such equipment to prevent or control a Covered Cause of Loss;
3. Accidentally; or
4. Resulting from a malfunction of the "fire extinguishing equipment."

We will not pay for loss or damage, recharge and clean-up costs if:

1. You fail to maintain the "fire extinguishing equipment" in proper operating condition; or
2. The discharge occurs while servicing, refilling or testing the "fire extinguishing equipment".

If it is less expensive to do so, we will pay your costs to replace your "fire extinguishing equipment" rather than recharge it.

The following definition applies to this Coverage Extension:

"Fire extinguishing equipment" means portable fire extinguishers and automatic extinguishing systems protecting cooking equipment that are intended to protect described premises. "Fire extinguishing equipment" does not include automatic sprinkler systems.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

No deductible applies to this Coverage Extension.

Installation Property

You may extend the insurance provided by Your Business Personal Property as set forth in the Installation Property Coverage Endorsement **CP 76 69** which is made part of this policy.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Lock Replacement Coverage

You may extend the insurance provided by this Coverage Form to apply to necessary replacement of locks because keys to your described premises have been lost, stolen or damaged by a Covered Cause of Loss.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

No deductible applies to this Coverage Extension.

Members and Guests Property

You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to property belonging to your members or guests while it is in your care, custody or control caused by or resulting from a Covered Cause of Loss.

The most we will pay under this Coverage Extension are the:

1. Any one individual; and
2. Per occurrence

limits shown in the ElitePac Schedule.

Our payment under this Coverage Extension will only be for the account of the owner of the property.

No deductible applies to this Coverage Extension.

Mobile Equipment

You may extend the insurance provided by this Coverage Form as set forth in the Mobile Equipment Coverage Endorsement **CP 76 70** which is made a part of this policy.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Newly Acquired Or Constructed Property

1. Building

If this policy covers Building, you may extend that insurance to apply to direct physical loss or damage to the following when caused by or resulting from a Covered Cause of Loss:

- a. Your new buildings while being built on the described premises; and
- b. Buildings you acquire at locations, other than the described premises, intended for:
 - (1) Similar use as the building described in the Declarations; or
 - (2) Use as a warehouse.

The most we will pay under this Coverage Extension is the Building Per Location limit shown in the ElitePac Schedule.

2. Your Business Personal Property

If this policy covers Your Business Personal Property, you may extend that insurance to apply to direct physical loss or damage to the following when caused by or resulting from a Covered Cause of Loss:

- a. Business Personal Property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
- b. Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

This Extension does not apply to:

- a. Personal property of others that is temporarily in your possession in the course of installing or performing work on such property;
- b. Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities; or
- c. "Stock".

The most we will pay under this Coverage Extension is the Your Business Personal Property Per Location limit shown in the ElitePac Schedule.

3. Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- a. This policy expires;
- b. 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- c. You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as Covered Property.

The per occurrence deductible shown in the Declarations applies to this Coverage Extension.

Non-Owned Detached Trailers

You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage to trailers that you do not own caused by or resulting from a Covered Cause of Loss provided that:

1. The trailer is used in your business;
2. The trailer is in your care, custody or control at the described premises or at your newly acquired location; and
3. You have a contractual responsibility to pay for loss or damage to the trailer.

We will not pay for any loss or damage that occurs:

1. While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion; or
2. During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such trailer.

Ordinance Or Law

The **Increased Cost of Construction Additional Coverage** is deleted and replaced by the following Ordinance Or Law Coverage Extension:

You may extend the insurance that applies to Building as follows:

1. If there is direct physical loss or damage to described premises caused by or resulting from a Covered Cause of Loss we will pay the following to the extent it results from enforcement of an ordinance or law:
 - a. **Coverage A.** The loss in value of the undamaged portion of the building that requires demolition of undamaged parts of the same building.
 - b. **Coverage B.** The cost to demolish and clear the site of undamaged parts of the same building.
 - c. **Coverage C.** The increased cost to:
 - (1) Repair or reconstruct damaged portions of the same building; and/or
 - (2) Reconstruct or remodel undamaged portions of the same building, whether or not demolition is required.

However:

- (1) This coverage applies only if the restored or remodeled building is intended for similar occupancy as the current building, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

- d. **Coverage D.** The increased cost to repair, rebuild or reconstruct tenant's improvements and betterments.

2. The ordinance or law must:

- a. Regulate the demolition, construction or repair of buildings or establishes zoning or land use requirements at the described premises; and
- b. Be in force at the time of loss.

3. We will not pay under this Coverage Extension for:

- a. Loss due to any ordinance or law with which:
 - (1) You were required to comply before the loss, even if the building was undamaged; and
 - (2) You failed to comply.
- b. The enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- c. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

4. We will not pay for increased construction costs under this endorsement:

- a. Until the property is actually repaired or replaced, at that same premises or elsewhere; and
- b. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 2 years. We may extend this period in writing during the 2 years.

5. This Coverage Extension is not subject to the terms of the Ordinance or Law Exclusion found in the Causes of Loss - Special Form, to the extent such Exclusion conflicts with this Coverage Extension.

6. The most we will pay under this Coverage Extension for:

- a. **Coverage A.** The loss to undamaged portion of the building:
 - (1) If the property is repaired or replaced on the same or another premises is the lesser of:

- (a) The amount you actually spend to repair, rebuild or reconstruct the undamaged portion of the building;
 - (b) The amount it would cost to restore the undamaged portion to the same height, floor area, style and comparable quality of the original undamaged portion of the building; or
 - (c) The limit of insurance applicable to the covered building property shown in the Declarations.
- (2) If the property is not repaired or replaced or if Replacement Cost does not apply is the lesser of:
- (a) The actual cash value of the undamaged portion of the building at the time of loss; or
 - (b) The limit of insurance applicable to the covered Building property shown in the Declarations.
- (3) Coverage A. is not in addition to the Building Limits of Insurance shown in the Declarations and is included within the covered Building Limit of Insurance.
- b. **Coverage B.** The cost to demolish and clear the site of undamaged part of the same building is the limit shown in the ElitePac Schedule.
 - c. **Coverage C.** The increased cost to repair, rebuild, or construct the same building is the limit shown in the ElitePac Schedule.
 - d. **Coverage D.** The increased cost to repair, rebuild or reconstruct tenant's improvements and betterments is the limit shown in the ElitePac Schedule.

The per occurrence deductible shown in the Declarations applies to this Coverage Extension.

Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage, including debris removal expense, to the following outdoor property owned or leased by you caused by or resulting from a Covered Cause of Loss:

- 1. Outdoor fences;
- 2. Outdoor signs, whether or not attached to buildings;
- 3. Outdoor storage sheds and garages used to store your business supplies or equipment;
- 4. Outdoor lights, whether or not attached to buildings;
- 5. Paved surfaces, including but not limited to bridges, roads, walks, foot and cart bridges, patios, parking lots, running tracks, playgrounds and athletic fields both artificial and natural turf;

- 6. Playground equipment;
- 7. Radio and television receiving equipment including loss or damage to your radio and television antennas, satellite dishes and similar audio/visual receiving equipment, their lead-in wiring, masts or towers;
- 8. Outdoor tents, canopies, and awnings of fabric or slate construction not attached to a building and located on or off your described premises;
- 9. Ornamental Gardens. However, loss or damage caused by weight of ice, snow or sleet is not covered;
- 10. Hardscape landscaping consisting of masonry or stone bridges, walks, patios, retaining walls or similar surfaces or wooden landscaping bridges, permanent objects whose primary function is decoration, benches, statues, fountains, monuments and gazebos or similar structures; and
- 11. Outdoor artwork and decorative objects.

For governmental entities:

- 1. Outdoor Property also includes water hydrants, street lights, street signs and traffic lights and related equipment;
- 2. Outdoor Property is covered within the jurisdictional boundaries of the governmental entity on a per occurrence basis instead of an each described premises basis.

However, this Coverage Extension does not apply to loss or damage caused by freezing or thawing.

The most we will pay, including debris removal expense, under this Coverage Extension is the limit shown in the ElitePac Schedule.

Outdoor Trees, Shrubs And Plants

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage to your outdoor trees, shrubs and plants (other than "stock" of trees, shrubs or plants) including debris removal expense, caused by or resulting from a Covered Cause of Loss.

This Coverage Extension does not apply to loss or damage to property covered under the Outdoor Property Coverage Extension.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule but not more than \$2,500 for any one tree, shrub or plant.

For schools and governmental entities, the most we will pay in any one policy year is \$100,000.

Personal Effects

You may extend the insurance that applies to Your Business Personal Property as set forth in the Personal Effects Coverage Endorsement **CP 76 71** which is made part of this policy.

The most we will pay under this Coverage Extension are the:

1. Per person; and
2. Per occurrence

limits shown in the ElitePac Schedule.

This Coverage Extension does not apply to property covered under the Members and Guest Property Coverage Extension.

No deductible applies to this Coverage Extension.

Personal Property At Unnamed Premises - Within the Coverage Territory

You may extend the insurance provided by Your Business Personal Property to apply to direct physical loss or damage to Business Personal Property and Personal Property of Others in your care, custody or control while at an "unnamed premises" caused by or resulting from a Covered Cause of Loss.

For this Coverage Extension, "unnamed premises" means locations:

1. Owned, leased or operated by you; or
2. Not owned, leased or operated by you, where Your Business Personal Property or Personal Property of Others in your care, custody or control is located, including fairs, trade shows or exhibitions;

that are within the Coverage Territory and not described in the Declarations.

This Coverage Extension does not apply to:

1. Installation property;
2. Personal effects;
3. "Portable computers";
4. Property in the care, custody or control of your salesperson;
5. Property in transit;
6. Tools and Equipment;
7. Property covered under the Newly Acquired Or Constructed Property Coverage Extension; or
8. Property outside of the Coverage Territory.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Personal Property At Unnamed Premises - Outside the Coverage Territory

You may extend the insurance provided by Your Business Personal Property to apply to direct physical loss or damage to Business Personal Property and Personal Property of Others in your care, custody and control while at an "unnamed premises" caused by or resulting from a Covered Cause of Loss.

For this Coverage Extension, "unnamed premises" means locations:

1. Owned, leased or operated by you; or
2. Not owned, leased or operated by you, where Your Business Personal Property or Personal Property of Others in your care, custody or control is located including fairs, trade shows or exhibitions;

that are at worldwide locations outside the Coverage Territory except within any country upon which the United States government has imposed sanctions, embargoes or any similar prohibition.

This Coverage Extension does not apply to:

1. Installation property;
2. Personal effects;
3. "Portable computers";
4. Property in the care, custody or control of your salesperson;
5. Property in transit;
6. Tools and Equipment; and
7. Property within the Coverage Territory.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Personal Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage to Personal Property of Others in your care, custody or control caused by or resulting from a Covered Cause of Loss.

This Coverage Extension does not apply to:

1. Installation property;
2. Members' and guests' property;
3. Personal effects;
4. Property in the care, custody or control of your salesperson;
5. Property In transit;
6. Tools and Equipment;
7. Business Personal Property of a golf club professional(s) working at your club; and
8. Property of others for which you are legally liable as:
 - a. A carrier for hire; or
 - b. An arranger of transportation, including car loaders, consolidators, brokers, freight forwarders or shipping associates.

The most we will pay under this Coverage Extension is the applicable Limit of Insurance for Your Business Personal Property shown in the Declarations.

This Coverage Extension is not in addition to the limits shown in the Declarations and is included within Your Business Personal Property Limit of Insurance.

Our payment for loss of or damage to Personal Property of Others will only be for the account of the owner of the property.

The per occurrence deductible shown in the Declarations applies to this Coverage Extension.

Property In Transit

You may extend the insurance provided by Your Business Personal Property as set forth in the Property In Transit Coverage Endorsement **CP 76 72** which is made part of this policy.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Salesperson's Samples

You may extend the insurance provided by Your Business Personal Property as set forth in the Salesperson's Samples Coverage Endorsement **CP 76 73** which is made part of this policy.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Spoilage

You may extend the insurance provided by Your Business Personal Property to apply to direct physical loss or damage to Covered Property caused by or resulting from the following:

1. Breakdown or Contamination, meaning:
 - a. Change in temperature or humidity resulting from mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and
 - b. Contamination by the refrigerant.
2. Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

For purposes of the Coverage Extension, Covered Property means "perishable stock" at the described premises owned by you or by others that is in your care, custody and control.

Only the following Exclusions contained in Paragraph **B.1.** of the **Causes of Loss - Special Form** apply to this Coverage Extension:

1. Earth Movement;
2. Governmental Action;
3. Nuclear Hazard;
4. War and Military Action; and
5. Water.

The following additional exclusions apply to this Coverage Extension:

1. The disconnection of any refrigerating, cooling or humidity control system from the source of power.
2. The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
3. The inability of an electrical utility company or other power source to provide sufficient power due to:
 - a. Lack of fuel; or
 - b. Governmental order.
4. The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.
5. Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

"Perishable stock" means personal property:

1. Maintained under controlled conditions for its preservation; and
2. Susceptible to loss or damage if the controlled conditions change.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Tenant Building and Business Personal Property Coverage Required By Lease

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage to Building and Business Personal Property you do not own that you have a contractual responsibility to insure caused by or resulting from a Covered Cause of Loss. This includes building fixtures, machinery and equipment.

The most we will pay under the Coverage Extension is the limit shown in the ElitePac Schedule.

Tenant's Building Glass Liability

If you are a tenant and no Limit of Insurance is shown in the Declarations for Building coverage, you may extend the insurance provided for Your Business Personal Property to cover direct physical loss or damage to building glass that is part of the exterior or interior walls, floors or ceilings of the building or structure occupied by you at the described premises caused by or resulting from a Covered Cause of Loss.

We will also pay for necessary:

1. Expenses incurred to put up temporary plates or board up openings;
2. Repair or replacement of encasing frames;

3. Expenses incurred to remove or replace obstructions; and
4. Repair or replace alarm tapes.

This Coverage Extension only applies to glass owned by you, or by others which is in your care, custody or control, and for which you are legally, or have contractually agreed to be, responsible.

Our payment for glass owned by others will only be for the account of the owner of the glass.

This Coverage Extension is not in addition to the limits shown in the Declarations and is included within Your Business Personal Property Limit of Insurance.

The per occurrence deductible shown in the Declarations applies to this Coverage Extension.

Tenant Lease Assessment

You may extend your Business Personal Property to apply to your share of any assessment charged to all tenants by the building owner as agreed to in your written lease agreement as a result of direct physical loss or damage to building property you occupy caused by or resulting from a Covered Cause of Loss.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

Tenant Leasehold Improvements

You may extend the insurance provided by Your Business Personal Property or, if written under a separate limit of insurance, Your Tenant's Improvements and Betterments to apply to the unamortized value of tenant's improvements and betterments that remain, and that you were forced to abandon, if your lease is cancelled in accordance with a valid lease provision as the direct result of a Covered Cause of Loss to property at the location in which you are a tenant.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

This Coverage Extension is not in addition to the limits shown in the Declarations and is included within Your Business Personal Property Limit of Insurance or if written separately, the Tenant's Improvements and Betterments Limit of Insurance shown in the Declarations.

Theft Damage To Building

You may extend the insurance that applies to Your Business Personal Property to apply to damage to that part of any building containing Covered Property caused directly by theft or attempted theft.

We will not pay for damage to glass or to lettering or artwork on glass.

This Coverage Extension applies only to described premises where you are a tenant and are responsible for such damage by the provisions of a written lease agreement.

This Coverage Extension is not in addition to the limits shown in the Declarations and is included within Your Business Personal Property Limit of Insurance.

The per occurrence deductible shown in the Declarations applies to this Coverage Extension.

Tools and Equipment

You may extend the insurance provided by Your Business Personal Property as set forth in the Tools and Equipment Coverage Endorsement **CP 76 74** which is made part of this policy.

The most we will pay for loss or damage under this Coverage Extension is the limit shown in the ElitePac Schedule.

Utility Services - Direct Damage

You may extend the insurance provided by this Coverage Form to apply to loss or damage to Covered Property caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage to the following property located outside of a covered building described in the Declarations and be caused by or result from a Covered Cause of Loss:

1. Water Supply Services, meaning pumping stations and water mains supplying water to the described premises.
2. Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
 - a. Communication transmission lines, including optic fiber transmission lines;
 - b. Coaxial cables; or
 - c. Microwave radio relays, excepting satellites.Overhead communication transmission lines are excluded.
3. Power Supply Services, meaning utility generating plants, switching stations, substations, transformers and transmission lines supplying electricity, steam or gas to the described premises.

Overhead power transmission lines are excluded.

As used in this endorsement, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

The Utility Services Exclusion does not apply to the extent that coverage is provided under this Coverage Extension.

The most we will pay under this Coverage Extension is the limit shown in the ElitePac Schedule.

The per occurrence deductible shown in the Declarations applies to this Coverage Extension.

Valuable Papers And Records

You may extend the insurance provided by Your Business Personal Property as set forth in the Valuable Papers Coverage Endorsement **CP 76 75** which is made part of this policy.

The most we will pay for loss or damage under this Coverage Extension is the limit shown in the ElitePac Schedule.

LIMITS OF INSURANCE

The following is added to Section **C. LIMITS OF INSURANCE**:

Business Personal Property Seasonal Increase

The Limit of Insurance for Business Personal Property will increase by the percentage shown in the ElitePac Schedule to provide for seasonal variations in your business. This percentage increase will apply only if the limit shown for Your Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

1. The 12 months immediately preceding the date the loss or damage occurs; or
2. The period of time you have been in business as of the date the loss or damage occurs.

For operations that include the seasonal sale of plants, trees and shrubs, the Limit of Insurance for Business Personal Property will increase by 50%.

The per occurrence deductible shown in the Declarations applies to this Coverage Extension.

DEDUCTIBLE

The following is added to Section **D. DEDUCTIBLE**:

If multiple deductibles apply to loss covered under this Coverage Form, the most we will deduct from the loss is the single largest deductible involved. Furthermore, each deductible will only be applied against its applicable coverage and, any deductible amount(s) actually taken will be applied toward any remaining larger deductible(s).

If a loss covered under this Coverage Form also involves a loss covered under an Inland Marine Coverage Form or the Physical Damage Section of a Business Auto Coverage Form issued to you by us or any of our affiliates, the most we will deduct from the loss is the single largest deductible involved. Furthermore, each deductible will only be applied against its applicable coverage and, any deductible amount(s) actually taken will be applied toward any remaining larger deductible(s).

LOSS CONDITIONS

The following are added to **Valuation** under **Loss Conditions**:

1. Finished "stock" you fabricated or manufactured including "stock" you have sold but not delivered, at the selling price less discounts and expenses you otherwise would have had.

2. We will pay the reduction in value of the remaining parts of "stock" when the reduction is caused by direct physical loss of or damage to other parts of "stock" at the described premises caused by or resulting from a Covered Cause of Loss.
3. Personal Property of Others at the amount for which you are liable, not to exceed the replacement cost.
4. Members and guests property at the amount for which you are liable, not to exceed the replacement cost.

ADDITIONAL CONDITIONS

The following is added to **Additional Condition F.1. Coinsurance**:

Do not include the values of the following Covered Property types in determining the most we will pay:

1. The cost of excavations, grading, backfilling or filling;
2. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - a. The lowest basement floor; or
 - b. The surface of the ground, if there is no basement;
3. Personal property while airborne or waterborne; and
4. Underground pipes, flues or drains.

SECTION II

The **CAUSES OF LOSS - SPECIAL FORM** is amended as follows:

EXCLUSIONS

Under Section **B. Exclusions**:

Exclusions **2.d.(7)** and **2.i.** are deleted and do not apply.

LIMITATIONS

Under Section **C. Limitations**:

1. Paragraphs **1.d.**, **1.f.**, **2.**, and **3.c.** are deleted and do not apply.
2. Paragraph **3.a.** is deleted and replaced by the following:
 - a. For furs, fur garments and garments trimmed with fur, the most we will pay is the limit shown in the ElitePac Schedule.
3. The following is added to Paragraph **3.b.**:

For gold, silver, platinum, and other precious alloys or metals used as a raw material in your manufacturing process the most we will pay is the limit shown in the ElitePac Schedule.

ADDITIONAL COVERAGE EXTENSIONS

Property in Transit Additional Coverage Extension does not apply.

SECTION III

When a **BUSINESS INCOME COVERAGE FORM** is made a part of this policy, that form is amended as follows:

ADDITIONAL COVERAGES

The following is added to Section 5. **Additional Coverages**:

Unless otherwise stated in this endorsement or in a specific Additional Coverage, Additional Coverages:

1. Are in addition to the Limits of Insurance shown in the Declarations;
2. Apply to each described premises on a per occurrence basis; and
3. Do not have a waiting period under the definition of "period of restoration".

The following **Additional Coverages** are added:

Auto Physical Damage Business Income

We will pay for the loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration." The "suspension" must be caused by direct physical loss or damage to a "covered motor vehicle". The loss or damage must be caused by or resulting from a Covered Cause of Loss.

"Covered motor vehicle" means a vehicle:

1. Owned by you; or
2. Leased to you for a period greater than 6 months; and
3. Insured by us or any of our affiliates under an Automobile or Garage Coverage Part:
 - a. Covered for direct physical loss or damage; and
 - b. Maintains rental reimbursement coverage; and
4. Used to transport your business personal property.

For this Additional Coverage only:

1. "Operations" also means your business activities involving the use of a "covered motor vehicle".
2. "Period of restoration" applies to the "covered motor vehicle" rather than the described premises.

Payment for Extra Expense does not apply under this Additional Coverage.

This Additional Coverage does not apply to "private passenger type vehicles".

"Private passenger type vehicle" means a four-wheel auto of the private passenger or station wagon type.

The most we will pay under this Additional Coverage is the limit shown in the ElitePac Schedule.

Back Up Of Sewer, Drain Or Sump - Business Income

We will pay for the loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss or damage to Covered Property at described premises. The loss or damage must be caused by or result from:

1. Water or waterborne material that backs up or overflows or is otherwise discharged from the described premises sewer, drain, sump, sump pump or its related equipment; or
2. Water under the ground surface pressing on, or flowing or seeping through foundations, walls, floors or paved surfaces.

However, we will not pay for the loss of Business Income you sustain in the event of mechanical breakdown to a sump, sump pump or its related equipment.

For purposes of this Additional Coverage, drain does not include a roof drain, gutter, downspout or similar fixtures or equipment.

This Additional Coverage does not apply to loss of Business Income caused by or resulting from an insured's failure to:

1. Keep a sump pump or its related equipment in proper working condition; or
2. Perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.

The most we will pay for loss of Business Income under this Additional Coverage is the limit shown in the ElitePac Schedule or the Business Income Limit of Insurance shown in the Declarations, whichever is less.

This coverage extension is not flood insurance. We will not pay for direct physical loss or damage from water or waterborne material that backs up or overflows from a sewer, drain, sump, sump pump or related equipment caused by any flood whether or not the flood contributes concurrently or in any sequence to the loss. This applies regardless of the proximity of the flood to Covered Property. Flood includes the accumulation of surface water, waves, tides, tidal waves, overflow of streams or other bodies of water, or their spray, all whether driven by wind or not, that enters the sewer or drain system.

Building Owner - Lessor's Leasehold Interest

We will pay for loss of "leasehold interest" in the event that your tenant(s) cancel their lease(s) in a described premises, due to untenability as a result of direct physical loss or damage to the described premises caused by or resulting from a Covered Cause of Loss.

"Leasehold interest" means the difference between the:

1. Rent you were collecting at the described premises prior to the loss; and
2. Rental Value of the described premises after loss or damage has been repaired or rebuilt. Rental Value for this Additional Coverage means:
 - a. Total anticipated rental income from tenant occupancy of the described premises as furnished and equipped by you; and
 - b. Amounts of all charges which are the legal obligations of the tenants which would otherwise be your obligations.

Loss of "leasehold interest" does not include:

1. Prepaid rent;
2. Security and other deposits made by tenants; or
3. Insurance, taxes or other payments you made on behalf of the tenants.

We will pay only for loss of "leasehold interest" that you sustain after tenantability is restored and until the earlier of:

1. The date you lease the premises to another tenant;
2. 12 months immediately following the "period of restoration"; or
3. The normal expiration date of the cancelled lease(s).

The most we will pay under this Additional Coverage is the limit shown in the ElitePac Schedule.

Contractual Penalties

We will pay for contractual penalties you are legally liable to pay under a written contract between you and your customers. These penalties must result from your failure to deliver your product or service within the time required by contract and is caused by direct physical loss or damage to Covered Property. The loss or damage must be caused by or result from a Covered Cause of Loss.

The most we will pay under this Additional Coverage is the limit shown in the ElitePac Schedule.

Denial of Service

We will pay for the loss of Business Income you sustain caused by or resulting from a "denial of service attack".

"Denial of service attack" means the malicious direction of a high volume of worthless inquiries to web site or e-mail destinations, effectively denying or limiting legitimate access.

This Additional Coverage applies to "denial of service attacks":

1. That originate anywhere in the world; and
2. Whether or not there has been any physical damage to data or software.

Denial of Service does not include loss of Business Income from the theft of telephone services or the theft of any property.

We will not pay for any loss of Business Income that you sustain during the 12 hours that immediately follow the time when you first discovered the "denial of service attack".

The most we will pay under this Additional Coverage is the limit shown in the ElitePac Schedule.

Dependent Properties

We will pay for the loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration." The "suspension" must be caused by direct physical loss or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

For this Additional Coverage only, "period of restoration" means the period of time that:

1. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the "dependent property"; and
2. Ends on the date when the property at the premises of the "dependent property" should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

1. Regulates the construction, use or repair, or requires the tearing down, of any property; or
2. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

The most we will pay under this Additional Coverage is the limit shown in the ElitePac Schedule.

This Additional Coverage does not apply to "dependent properties" for which you have more specific insurance either under this policy or another.

Extended Business Income

The 30 consecutive days restriction under Extended Business Income is changed to the number of consecutive days shown in the ElitePac Schedule.

Food Contamination Shutdown

We will pay for the:

1. Loss of Business Income you sustain; and
2. Extra Expense you incur

from the necessary "suspension" of your "operations" because the Board of Health, or another government authority, has issued an order to you in connection with the discovery of or suspicion of "food contamination."

Extra Expense coverage is limited to the following:

1. Your costs to clean and sanitize your equipment as required by the government authority;
2. Your costs to replace consumable goods declared or suspected by the government authority to be contaminated;
3. Reimbursement to infected patrons for doctor's care, hospitalization and necessary blood work;
4. Necessary medical tests and vaccines for affected employees as required by government authority. However, we will not pay for any expense that is otherwise covered under a Workers' Compensation policy; and
5. Your additional advertising expenses you incur following the notification by the government authority to resume "operations" and regain customers.

We will not pay for fines or penalties of any kind. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

We will not pay for any expense that is covered elsewhere under this policy or any other policy issued to you by us or any of our affiliates.

In the event of a loss you must:

1. Give us prompt notice of the "suspension" declaration;
2. Notify any government authority that may have jurisdiction over the incident; and
3. As soon as possible, give us a description of how, when and where the "food contamination" was first discovered.

For this Additional Coverage, "food contamination" means the occurrence of food poisoning, or suspected food poisoning, of one or more of your patrons that is caused by or results from tainted food you purchased, improperly stored, handled or prepared or communicable disease transmitted by one or more of your employees.

The most we will pay under this Additional Coverage is the limit shown in the ElitePac Schedule.

Increased Realty Tax Assessment Coverage

We will pay for the additional realty tax assessment you incur after the "period of restoration" due to repair, rebuilding or reconstruction of a damaged building or structure at a described premises that exceeds the realty tax assessment you would have incurred if there had been no direct physical loss or damage caused by or resulting from a Covered Cause of Loss.

However, we will not pay for any of the following:

1. Realty tax assessments made more than:
 - a. One year after the end of the "period of restoration"; or
 - b. Two years after the date of the damage to the covered building or structure from a covered loss;
whichever is sooner.
2. Realty tax assessments made due to physical loss or physical damage that does not cause a suspension of payments of base (monthly) rent by one or more of your tenants.
3. Realty tax assessments paid on your behalf.
4. That part of the realty tax assessment increase due to increases in the mill rate, the assessment level or similar ratios by which the relation of property value to realty tax is expressed, since the latest assessment prior to the loss or damage. The mill rate is the amount of realty tax paid per dollar of assessed property value. The assessment level is the ratio of assessed values to fair market value.
5. A realty tax assessment increase that is due to your decision to rebuild the building:
 - a. With a different building configuration;
 - b. With a larger building area;
 - c. With better building material or quality;
 - d. With a different purpose; or
 - e. At a different location.

The most we will pay in any one occurrence is the lesser of:

1. All related increases in realty tax assessments during the 12 months immediately following the assessment; or
2. The limit shown in the ElitePac Schedule.

Ingress Or Egress

We will pay for:

1. The loss of Business Income you sustain due to the necessary "suspension" of your "operations"; and
2. Extra Expense you incur

when ingress to or egress from the described premises is prevented, other than as provided in the Civil Authority Additional Coverage. The prevention of ingress to or egress from the described premises must be caused by direct physical loss or damage to property that is away from, but within 5 miles of the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss.

This Additional Coverage will begin after a waiting period of 24 hours from the date when the ingress or egress is first prevented and apply for up to 30 consecutive days.

The most we will pay under this Additional Coverage is the limit shown in the ElitePac Schedule.

Pollutant Clean-Up And Removal - Business Income

We will pay for the loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration." The "suspension" must be caused by the discharge, dispersal, seepage, migration, release or escape of "pollutants" to land or water at the described premises. Such discharge, dispersal, seepage, migration, release or escape must be caused by or result from a Covered Cause of Loss that occurs during the policy period.

The most we will pay under this Additional Coverage is the limit shown in the ElitePac Schedule.

Project Research And Development Documentation And Prototypes Business Income

We will pay for the loss of Business Income you sustain due to direct physical loss or damage to "project research and development documentation" and "prototypes", caused by or resulting from a Covered Cause of Loss.

The following definitions apply to this Additional Coverage:

1. "Project Research and Development Documentation" means written, printed or inscribed documents, plans and records directly associated with your research and development operations.
2. "Prototypes" means the first or original model of a new design.

This Additional Coverage is not in addition to the limits shown in the Declarations and is included within the Business Income Limit of Insurance.

Unnamed Premises - Business Income

We will pay for:

1. The loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration"; and
2. The reasonable and necessary Extra Expense you incur during the "period of restoration";

as a result of direct physical loss or damage to property at "unnamed premises" caused by or resulting from a Covered Cause of Loss.

For this Additional Coverage, "unnamed premises" means locations:

1. Owned, leased or operated by you; or
2. Not owned, leased or operated by you, where Your Business Personal Property or Personal Property of Others in your care, custody or control is located;

that are within the Coverage Territory and not described in the Declarations.

This Additional Coverage does not apply to loss of Business Income caused by or resulting from loss or damage to:

1. A "dependent property";
2. Any location to which the Newly Acquired Locations Coverage Extension applies; or
3. Property in the due course of transit.

The most we will pay under this Additional Coverage is the limit shown in the ElitePac Schedule.

Utility Services - Time Element

We will pay for the loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration." The "suspension" must be caused by the interruption of service to the described premises due to direct physical loss or damage to the following property located outside of a covered building described in the Declarations. The loss or damage must be caused by a Covered Cause of Loss:

1. Water Supply Services, meaning pumping stations and water mains supplying water to the described premises.
2. Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
 - a. Communication transmission lines, including optic fiber transmission lines;
 - b. Coaxial cables; or
 - c. Microwave radio relays, excepting satellites.Overhead communication transmission lines are excluded.
3. Power Supply Services, meaning utility generating plants, switching stations, substations, transformers and transmission lines supplying electricity, steam or gas to the described premises.

Overhead power transmission lines are excluded.

As used in this endorsement, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

The Utility Services Exclusion does not apply to the extent that coverage is provided under this Additional Coverage.

The **Additional Condition, Coinsurance**, does not apply to this Additional Coverage.

The most we will pay under this Additional Coverage is the limit shown in the ElitePac Schedule, but we will not pay for the loss of Business Income you sustain during the first 24 hours immediately following the direct physical loss or damage.

COVERAGE EXTENSION

Newly Acquired Locations - Business Income

Under Section A.6., Coverage Extension, Newly Acquired Locations:

1. Paragraph b. is deleted and replaced by the following:
 - b. The most we will pay under this Coverage Extension for the sum of Business Income loss and Extra Expense incurred is the limit shown in the ElitePac Schedule.
2. Paragraph c.(2) is deleted and replaced by the following:
 - (2) 180 days expire after you acquire or begin to construct the property; or

DEFINITIONS

The following definition is added to Section F. Definitions:

"Dependent Property" means property operated by others you depend on to:

- a. Deliver materials or services (other than water, communications, or power supply) to you, or to others for your account (Contributing Locations);
- b. Accept your products or services (Recipient Locations);
- c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
- d. Attract customers to your business (Leader Locations).

BUSINESS INCOME ACTUAL LOSS SUSTAINED — 12 MONTH LIMITATION ENDORSEMENT

COMMERCIAL PROPERTY
CP 76 60 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. Under Paragraph A.5. Additional Coverages:

1. Subparagraph (1)(b)(ii) of c. **Extended Business Income** is deleted and replaced with the following:
 - ii. 90 consecutive days after the date determined in (1)(a) above.
2. Subparagraph (2)(b)(ii) of c. **Extended Business Income** is deleted and replaced with the following:
 - ii. 90 consecutive days after the date determined in (2)(a) above.

B. Section B. Limits of Insurance is deleted and replaced by the following:

B. Limits of Insurance

The most we will pay for any one occurrence of loss covered under Section A.1. **Business Income** and A.2. **Extra Expense** of this form is the actual loss of Business Income you sustain and Extra Expense you incur during the 12 consecutive month period following the date of direct physical loss or damage at described premises shown in the Declarations.

For covered loss of Business Income and Extra Expense incurred during this policy's effective period, the 12 consecutive month time period will not terminate upon expiration of this policy.

Any Additional Coverages and Coverage Extensions subject to a specific limit contained in that Additional Coverage and Coverage Extension remain subject to that specific limit.

C. Section D. Additional Condition COINSURANCE is deleted and does not apply.

D. Section E. Optional Coverages is deleted and does not apply.

ACCOUNTS RECEIVABLE COVERAGE ENDORSEMENT

COMMERCIAL PROPERTY
CP 76 64 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM CAUSES OF LOSS - SPECIAL FORM

With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by the endorsement.

With respect only to this endorsement, Sections **A. Coverage** and **B. Exclusions and Limitations** of the **Building And Personal Property Coverage Form** and the **Causes of Loss - Special Form** are deleted in their entirety and replaced with the following provisions.

A. COVERAGE

1. We will pay:

- a. All amounts due from your customers that you are unable to collect;
- b. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- c. Collection expenses in excess of your normal collection expenses that are made necessary by the loss; and
- d. Other reasonable expenses that you incur to reestablish your records of accounts receivable;

that result from any Covered Cause of Loss to your records of accounts receivable.

2. PROPERTY NOT COVERED

Coverage does not apply to:

- a. Records of accounts receivable in storage away from the "premises" shown in the Declarations except as provided in the Away From Your "Premises" Coverage Extension of this endorsement; or
- b. Contraband or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means risks of direct physical loss or damage to your records of accounts receivable except those causes of loss listed in the Exclusions.

4. ADDITIONAL COVERAGE - COLLAPSE

We will pay for direct loss caused by or resulting from risks of direct physical loss involving collapse of all or part of a building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this endorsement;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in the ElitePac Schedule.

5. Coverage Extension

a. Removal

If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of loss or damage, we will pay for loss or damage while they are:

- (1) At a safe place away from your "premises"; or
- (2) Being taken to and returned from that place.

This Coverage Extension is included within the Accounts Receivable Limit of Insurance shown in the ElitePac Schedule and is not in addition to the limits shown in the ElitePac Schedule.

b. Away From Your "Premises"

We will pay up to \$25,000 for loss to Covered Property while it is away from your "premises".

The limit for this Coverage Extension is in addition to the limits shown in the ElitePac Schedule.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for loss caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire caused by a Covered Cause of Loss to prevent its spread.

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct loss caused by a resulting fire if the fire would be covered under this endorsement.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for loss caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.

- b. Dishonest or criminal act committed by:

- (1) You, any of your partners, your employees, directors, trustees or authorized representatives;
- (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
- (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

But this exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.

- c. Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- d. Bookkeeping, accounting or billing errors or omissions.

- e. Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:

- (1) Programming errors or faulty machine instructions;
- (2) Faulty installation or maintenance of data processing equipment or component parts;
- (3) An occurrence that took place more than 100 feet from your "premises"; or
- (4) Interruption of electrical power supply, power surge, blackout or brownout if the cause of such occurrence took place more than 1,000 feet from your "premises".

But we will pay for direct loss caused by lightning.

- f. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- g. Unauthorized instructions to transfer property to any person or to any place.
- 3. We will not pay for loss that requires any audit of records or any inventory computation to prove its factual existence.
- 4. We will not pay for loss caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss:
 - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance:

of part or all of any property wherever located.
 - d. Collapse except as provided in the **Additional Coverage - Collapse** section of this endorsement.

C. ADDITIONAL CONDITIONS

1. Determination of Receivables

Property Loss Condition E.7. **Valuation** is replaced by the following:

- a. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:
 - (1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and

- (2) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- b. The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (1) The amount of the accounts for which there is no loss;
 - (2) The amount of the accounts that you are able to reestablish or collect;
 - (3) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (4) All unearned interest and service charges.

2. RECOVERIES

The following is added to the Commercial Property Conditions:

You will pay us the amount of all recoveries you receive for a loss paid by us. But any recoveries in excess of the amount we have paid belong to you.

3. COVERAGE TERRITORY

The Coverage Territory contained in the Commercial Property Conditions is deleted and replaced by the following:

We cover record of accounts receivable:

- (1) Within your "premises"; and
- (2) Away from your "premises" while in transit or within premises of others if those premises are located or the transit is within:
 - (a) The United States of America including its territories and possessions;
 - (b) Puerto Rico; and
 - (c) Canada.

D. ADDITIONAL DEFINITIONS

- 1. "Premises" means that interior portion of the building at the address shown in the Declarations that you occupy for your business.

ELECTRONIC INFORMATION SYSTEMS COVERAGE ENDORSEMENT

COMMERCIAL PROPERTY
CP 76 67 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM
BUSINESS INCOME COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by the endorsement.

With respect only to this endorsement, Sections **A. Coverage** and **B. Exclusions and Limitations** of the **Building And Personal Property Coverage Form** and the **Causes of Loss - Special Form** are deleted in their entirety and replaced with the following provisions.

A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any Covered Cause of Loss.

1. COVERED PROPERTY

- a. "Equipment"; and
- b. "Data"

while at the described premises, while in transit, or while at any unnamed premises.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. "Equipment" rented, leased or sold to others;
- b. Program support documentation, flowcharts, record formats, or narrative descriptions, unless this property has been converted to "data" form;
- c. Accounts, bills, evidences of debt, valuable papers, abstracts, records, deeds, manuscripts or other documents, unless converted to "data" and then only in that form;
- d. Contraband or property in the course of illegal transportation or trade;
- e. Stock in trade; or
- f. Theft or disappearance of "portable computers" while in transit as checked luggage.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means risk of direct physical loss to Covered Property except those causes of loss listed in the Exclusions.

4. COVERAGE EXTENSIONS

a. Debris Removal Coverage

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss.
- (2) This coverage extension does not include the cost to:
 - (a) Extract pollutants from land or water; or
 - (b) Remove, restore, or replace polluted land or water.
- (3) The most we will pay under this coverage extension is:
 - (a) 25% of the amount we pay for the direct physical loss. However, we will not pay more for loss to Covered Property and debris removal combined than the limit shown in the ElitePac Schedule; and
 - (b) Up to \$10,000 for debris removal expense when the debris removal expense exceeds 25% of the amount we pay for direct physical loss or when the loss to Covered Property and debris removal combined exceeds the limit shown in the ElitePac Schedule.
- (4) We will not pay any expenses unless they are reported to us in writing within 180 days from the date of direct physical loss to Covered Property.

b. Emergency Removal

We will pay for loss to Covered Property that has been moved because of the imminent danger of loss while it is:

- (1) At a safe place away from your premises; or
- (2) Being taken to and returned from that place.

This Coverage Extension is:

- (1) Included within the Limit shown in the ElitePac Schedule applicable to the premises from which the Covered Property is removed.
- (2) Applies for up to 365 days after the Covered Property is first moved, but not beyond the policy expiration.

We will also pay up to \$5,000 of the expense to move or store Covered Property to prevent loss or damage from a Covered Cause of Loss. This is in addition to the Limit shown in the ElitePac Schedule.

c. Duplicate "Electronic Data" Coverage

We will cover duplicate or back-up copies of "data" while stored away from your described premises at a data storage warehouse or like facility specifically designed for storage of this type of property.

The most we will pay for loss or damage under this Coverage Extension is \$10,000.

d. Fire Protection System Recharge

We will pay up to \$5,000 for costs you actually incur in recharging any automatic fire protection system, even if discharged accidentally. The Deductible will not apply to this Coverage Extension.

e. Virus or Harmful Code

- (1) We will pay the cost to replace or restore "electronic data":
 - (a) Which has been destroyed or corrupted by a virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation; or

- (b) Which has been scanned, copied or observed by an unauthorized person's access into a computer system (including "electronic data") or a network to which it is connected.

- (2) If a Business Income Limit of Insurance is shown in the Declarations, we will pay the loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration" caused by an interruption in computer operation due to the:

- (a) Destruction or corruption of "electronic data" due to a virus, harmful code or similar instruction; or
- (b) Scanning, copying or observation of "electronic data" by an unauthorized person.

This does not apply to loss sustained after the end of the "period of restoration", even if the Limit of Insurance for this Coverage Extension has not been exhausted.

This Coverage Extension does not apply to:

- (1) Loss of exclusive use of any "data";
- (2) Reduction in the economic or market value of any "data";
- (3) Loss, damage, expense or loss of Business Income caused by or resulting from manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system; or
- (4) Theft of personal or proprietary information.

The most we will pay under this Coverage Extension is:

- (1) \$25,000 in any one occurrence; and
- (2) \$75,000 in any one policy year.

With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

f. Fraud and Deceit

We will pay for loss by theft of Covered Property when you, your employees, agents, customers, and/or consignees are fraudulently induced to part with the Covered Property:

- (1) To persons who falsely represent themselves as the proper persons to receive the property; or
- (2) By the acceptance of fraudulent bills of lading or shipping receipts.

The most we will pay in any one occurrence for theft of Covered Property under this Coverage Extension is \$5,000.

g. Incompatible Equipment and Data

In the event of loss or damage to Covered Property from a Covered Cause of Loss, we will pay the cost to modify or replace undamaged Covered Property when it:

- (1) Was dependent on the damaged Covered Property prior to the covered loss; and
- (2) Is not compatible with the Covered Property that is replacing the property that was involved in the covered loss.

We will only pay for your costs to modify or replace undamaged property if the incompatible property is at a described premises.

The most we will pay in any one occurrence for your costs to modify or replace incompatible Covered Property is \$5,000.

This Coverage Extension is in addition to the limit shown in the ElitePac schedule.

h. Foreign Transit and Location Coverage

- (1) We will pay for direct physical loss caused by a Covered Cause of Loss to "portable computers", including pre-installed programs and applications, while temporarily at a foreign location outside of the boundaries described under the Coverage Territory.

- (2) In addition to the property described under **A.2. Property Not Covered**, this coverage does not include:

- (a) Property that is shipped via mail;
- (b) Property where you are required to provide a negotiable ocean cargo policy or certificate to any seller, buyer, or bank;
- (c) Property shipped to or located in a country subject of a trade embargo, economic sanctions, or other trade restrictions by the government of the United States of America; or
- (d) Property while in transit as checked baggage.

- (3) The most we will pay under this Coverage Extension in any one occurrence is \$10,000.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority. But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to pre-vent its spread if the fire would be covered under this coverage form.

b. NUCLEAR HAZARD

Nuclear reaction or radiation, or radioactive contamination, however caused.

But, if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this endorsement.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

Exclusions 1.a. through 1.c. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:
- a. Delay, loss of use, loss of market or any other consequential loss.
 - b. Dishonest acts by:
 - (1) You, any of your partners, employees or authorized representatives;
 - (2) A manager or a member if you are a limited liability company;
 - (3) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (4) Anyone else to whom the property is entrusted.
- This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.
- But this exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.
- c. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense except as provided by the Coverage Extension for Fraud and Deceit.
 - d. Unauthorized instructions to transfer property to any person or to any place.
 - e. Errors or omissions in programming.
 - f. Unexplained disappearance.
 - g. Shortage found upon taking inventory.
 - h. Lapse, suspension or cancellation of any lease, license, contract or order.
 - i. Enforcement of any ordinance or law regulating or restricting the construction, use or repair of any property.

- j. Virus, harmful code or similar instructions as outlined below, except as provided by the Coverage Extension for Virus or Harmful Code:

- (1) The introduction into your computer systems of a virus, harmful code or similar instruction enacted on a computer system (including "electronic data") or network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation; and
- (2) The unauthorized intrusion into your computer system (including "electronic data") or network to which it is connected, designed to:
 - (a) Damage or destroy any part of the system or disrupt its normal operation; or
 - (b) Observe, scan or copy "data".

3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss:
- a. Wear and tear, depreciation.
 - b. Any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration.
 - c. Insects, vermin or rodents.
 - d. Corrosion or rust.
 - e. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

C. ADDITIONAL CONDITIONS

1. Valuation

Property Loss Condition E.7. Valuation is replaced by the following:

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. "Data"

The value of "data" will be the actual cost to reproduce. If the "data" is not replaced or reproduced, we will pay the cost of the value of the "media" with no stored "data".

b. "Equipment"

The value of "equipment" will be its replacement cost without deduction for depreciation. We will not pay more for any loss on a replacement cost basis than the least of:

- (1) The limit shown in the ElitePac Schedule.
- (2) The cost to replace the "equipment" with other "equipment":
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
- (3) The amount you actually spend that is necessary to repair or replace the "equipment".

We will not pay on a replacement cost basis for any loss:

- (1) Until the "equipment" is actually repaired or replaced; and
- (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss.

In the event of loss, the value of the "equipment" will be determined as of the time of loss.

c. Media

The value of "media" will be based on the cost to repair or replace the "media" with material of the same kind or quality.

D. ADDITIONAL DEFINITIONS

1. "Data" means:

- a. Records, information and files stored on magnetic tapes, disk packs, drums, paper tapes and cards;
- b. Programming records used for electronic data processing or electronically controlled equipment; and
- c. "Media".

2. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
3. "Equipment" means a network of machine components that accepts information, processes it according to a plan and produces a desired result. This includes programmable electronic devices that can store, retrieve and process data and associated peripheral devices that provide communication including input and output functions such as printing, or auxiliary functions such as data transmission. It includes air conditioning, fire suppression equipment and electrical equipment used exclusively in your computer operations.
4. "Media" means the material on which data is recorded, such as magnetic tapes, disk packs, drums, paper tapes, cards and programs. This includes the data stored on the "media".
5. "Portable computers" means computers used in your "operations" easily transported by one person such as laptops, notebooks and personal digital assistants. This includes portable electronic accessories used with the "portable computer" such as multimedia projectors.

FINE ARTS COVERAGE ENDORSEMENT

COMMERCIAL PROPERTY
CP 76 68 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by the endorsement.

With respect only to this endorsement, Sections **A. Coverage** and **B. Exclusions and Limitations** of the **Building And Personal Property Coverage Form** and the **Causes of Loss - Special Form** are deleted in their entirety and replaced with the following provisions.

A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any Covered Cause of Loss.

1. COVERED PROPERTY

- a. Your "fine arts"; and
- b. "Fine arts" of others that are in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Property while on exhibition at fair grounds or on the premises of any national or international exposition; or
- b. Contraband, or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means risk of direct physical loss to Covered Property except those causes of loss listed in the Exclusions.

B. EXCLUSIONS

1. We will not pay for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for loss caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire caused by a Covered Cause of Loss to prevent its spread.

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct loss caused by a resulting fire if the fire would be covered under this endorsement.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for loss caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.
- b. Dishonest acts by:
 - (1) You, your employees or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

But this exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire.

- c. Breakage of art glass windows, statuary, glassware, bric-a-brac, marble, porcelain and similar fragile property.

But we will pay for such loss caused directly by fire, lightning, explosion, windstorm, earthquake, flood, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by accident to the vehicle carrying the property, if these causes of loss would be covered under this endorsement.

- d. Any repairing, restoration or retouching of the Covered Property.
 - e. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
 - f. Unauthorized instructions to transfer property to any person or to any place.
3. We will not pay for loss caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss:
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss.
 - b. Wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration, insects, vermin or rodents.

C. ADDITIONAL CONDITIONS

1. Valuation

Property Loss Condition **E.7. Valuation** is replaced by the following:

The value of Covered Property will be at the fair market value at the time of loss or damage.

2. Coverage Territory

The Coverage Territory contained in the Commercial Property Conditions is deleted and replaced with the following:

We cover property wherever located within:

- a. The United States of America including its territories and possessions;
- b. Puerto Rico; and
- c. Canada.

3. Packing and Unpacking

You agree that Covered Property will be packed and unpacked by competent packers.

4. Pair or Sets

In case of total loss of any items that are part of a pair or set, we may:

- a. Repair or replace any part to restore the pair or set to its value before the loss; or
- b. Pay the difference between the value of the pair or set before the loss.

D. ADDITIONAL DEFINITIONS

- 1. "Fine arts" means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac, and similar property of rarity, historical value or artistic merit.

INSTALLATION PROPERTY COVERAGE ENDORSEMENT

COMMERCIAL PROPERTY
CP 76 69 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by the endorsement.

With respect only to this endorsement, Sections **A. Coverage** and **B. Exclusions and Limitations** of the **Building And Personal Property Coverage Form** and the **Causes of Loss - Special Form** are deleted in their entirety and replaced with the following provisions.

A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any Covered Cause of Loss.

1. COVERED PROPERTY, as used in this endorsement, means:

All materials, supplies, fixtures, machinery and equipment of any nature whatsoever intended for installation while:

- a. At the "job site";
- b. At any temporary storage location; or
- c. In transit.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Property on your premises unless intended to be installed at any described "job site";
- b. Contractors or subcontractors machinery, tools, equipment and property of a similar nature not intended for installation;
- c. Property that has been sold under a deferred payment sales agreement after installation is complete;
- d. Land (including land on which the property is located) or water;
- e. Trees, shrubs, lawns or plants;
- f. Plans, blueprints, designs, specifications or any other similar property; or
- g. Contraband or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means direct physical loss or damage to Covered Property, except those causes of loss or damage listed in Section **B. EXCLUSIONS**.

B. EXCLUSIONS

1. We will not pay for a loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

a. ORDINANCE OR LAW

- (1) The enforcement of any ordinance or law:
 - (a) Regulating the construction, use or repair of any property; or
 - (b) Requiring the tearing down of any property, including the cost of removing its debris.
- (2) This exclusion applies whether the loss or damage results from:
 - (a) An ordinance or law that is enforced even if the property has not been damaged; or
 - (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss or damage to that property.

b. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this endorsement.

c. NUCLEAR HAZARD

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for direct loss or damage caused by that fire if the fire would be covered under this endorsement.

d. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

e. "FUNGUS", WET ROT AND DRY ROT

Presence, growth, proliferation, spread or any activity of "fungus", or wet or dry rot.

But if "fungus", or wet or dry rot results in a "specified causes of loss or damage", we will pay for the loss or damage caused by that "specified causes of loss or damage".

This exclusion does not apply:

- (1) When "fungus", or wet or dry rot results from fire or lightning; or
- (2) To the extent that coverage is provided in the Coverage Extension - Limited Coverage For "Fungus", Wet Rot And Dry Rot with respect to loss or damage by a cause of loss or damage other than fire or lightning.

f. VIRUS, BACTERIUM OR OTHER MICRO-ORGANISM

Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", or wet rot or dry rot. Such loss or damage is addressed in the previous exclusion.

The terms of this exclusion, or the inapplicability of this exclusion to a particular loss or damage, does not serve to create coverage for any loss or damage that would otherwise be excluded under this endorsement.

Exclusions **B.1.a.** through **B.1.f.** apply whether or not the loss or damage event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.
- b. Unexplained disappearance.
- c. Shortage found upon taking inventory.
- d. Dishonest or criminal act committed by:

- (1) You, any of your partners, employees (including leased and temporary employees), directors, trustees, or authorized representatives;
- (2) A "manager" or a "member" if you are a limited liability company;
- (3) Anyone else with an interest in the property, or their employees or authorized representatives; or
- (4) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees (including leased employees or temporary employees). But theft by employees (including leased employees or temporary employees) is not covered.

e. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes, but is not limited to, electrical current, including arcing; electrical charge produced or conducted by a magnetic or electromagnetic field; pulse or electromagnetic energy; electromagnetic waves or micro-waves.

But if artificially generated electrical, magnetic or electromagnetic energy, as described above, results in fire, we will pay the direct loss or damage caused by that fire if the fire would be covered under this endorsement.

- f. Unauthorized instructions to transfer property to any person or to any place.
 - g. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss or damage.
3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.
- a. Wear and tear.
 - b. Any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration.
 - c. Mechanical breakdown.
 - d. Insects, vermin or rodents.
 - e. Rust or other corrosion, dampness or extremes of temperature.

C. ADDITIONAL CONDITIONS

1. VALUATION

Property Loss Condition **E.7. Valuation** is replaced by the following:

The value of Covered Property will be based on replacement cost.

Replacement cost is limited to the cost of repair or replacement with similar materials on the same "job site" and used for the same purpose. It does not include costs you incur over and above the costs you would have incurred had there been no loss, including:

- a. Additional interest payments on money borrowed to finance construction, remodeling, renovation, or repair including increased interest payments due to a rise in interest rates;

- b. Additional insurance premiums, real estate and property taxes, and assessments which you incur for the period of time covered by this endorsement that construction extends beyond the estimated completion date;
- c. Additional construction permit, architect, engineering and consulting fees which become necessary due to the direct physical loss or damage;
- d. Additional legal, lease administration or accounting fees;
- e. Additional advertising and promotional expenses which become necessary due to the direct physical loss or damage; and
- f. The additional cost to extend leases for construction equipment and temporary office space.

If the part of the covered property that sustains direct physical loss or damage is repaired or replaced, the payment will not exceed the amount you spend to repair or replace the damaged or destroyed property.

2. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

Property Condition **I. Transfer of Rights of Recovery Against Others To Us** is replaced by the following:

We will waive any rights of recovery we may have against a person or organization because of payments we make for loss or damage to Covered Property if you have agreed to waive any right of recovery against that person or organization in a written contract or written agreement, but only if the loss or damage occurs subsequent to the execution of the written contract or written agreement. However, this does not apply to:

- a. Any architect, engineer or other party or entity responsible for any design, specification or plans for the fabrication, erection or completion of the property insured with respect to any loss or damage that may be caused by:
 - (1) Fault, defect, error or omission in such design, specifications or plans; or
 - (2) Performance of, or failure to perform, supervisory or management functions related to the construction project(s).
- b. Any contractor, manufacturer or supplier of Covered Property that has agreed to make good any loss or damage under a guarantee or warranty.

3. COVERAGE TERRITORY

The Coverage Territory contained in the Commercial Property Conditions is deleted and replaced with the following:

We cover property wherever located within:

- a. The United States of America including its territories and possessions;
- b. Puerto Rico; and
- c. Canada.

4. LOSS PAYABLE

For Covered Property in which both you and a Loss Payee shown on the Loss Payee Schedule have an insurable interest, we will:

- a. Adjust losses or damages with you; and
- b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

5. WHEN COVERAGE WILL END

The insurance provided by this endorsement will end when one of the following first occurs:

- a. This policy expires or is cancelled;
- b. The property is accepted by the owner or buyer;
- c. Your interest in the property ceases; or
- d. 30 days after installation is complete.

D. ADDITIONAL DEFINITIONS

1. "Job site" means the premises where you or subcontractors working on your behalf are currently performing operations and where the "installation property" will be permanently located at the completion of the construction, erection, fabrication or installation.
2. "Specified causes of loss or damage" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
3. "Manager" means a person serving in a directorial capacity for a limited liability company.
4. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

MOBILE EQUIPMENT COVERAGE ENDORSEMENT

COMMERCIAL PROPERTY
CP 76 70 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by the endorsement.

With respect only to this endorsement, Sections **A. Coverage** and **B. Exclusions and Limitations** of the **Building And Personal Property Coverage Form** and the **Causes of Loss - Special Form** are deleted in their entirety and replaced with the following provisions.

A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any Covered Cause of Loss.

1. COVERED PROPERTY

- a. Your mobile equipment; and
- b. Mobile equipment of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Automobiles, motor trucks, motorcycles, trailers, semi-trailers or any other vehicles designed and principally used for highway transportation unless unlicensed and not operated on public roads;
- b. Aircraft or watercraft;
- c. Property while waterborne, except while in transit by carriers for hire;
- d. Property while stored or operated underground in connection with any mining or drilling operations; or
- e. Contraband or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means risks of direct physical loss to Covered Property except those causes of loss listed in the Exclusions.

B. EXCLUSIONS

1. We will not pay for loss caused directly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for loss caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire caused by a Covered Cause of Loss to prevent its spread.

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct loss caused by a resulting fire if the fire would be covered under this endorsement.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for loss caused by or resulting from any of the following:

a. Dishonest acts by:

- (1) You, your employees or authorized representatives;
- (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
- (3) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons and without regard to whether such acts occur during the hours of employment.

This exclusion does not apply to Covered Property in the custody of a carrier for hire.

b. Missing property where the only proof of loss is unexplained or mysterious disappearance of Covered Property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the Covered Property.

This exclusion does not apply to Covered Property in the custody of a carrier for hire.

c. Discharge, dispersal, seepage, migration, release or escape of "pollutants":

- (1) Unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "Specified Causes of Loss"; or
- (2) Except as provided for in the Pollutant Clean Up and Removal Coverage Extension.

But if loss by any of the "Specified Causes of Loss" results from the discharge, dispersal, seepage, migration, release or escape of "pollutants", we will pay for the resulting loss caused by the "Specified Causes of Loss".

d. Processing or work upon the Covered Property.

But we will pay for direct loss to Covered Property caused by resulting fire or explosion, if these causes of loss would be covered under this endorsement.

e. Artificially generated current creating a short circuit or other electric disturbance within an item covered under this endorsement.

But we will pay for direct loss to Covered Property caused by resulting fire or explosion, if these causes of loss would be covered under this endorsement.

This exclusion only applies to loss to that item in which the disturbance occurs.

f. Weight of a load which under the operating conditions at the time of loss exceeds the registered lifting capacity of the equipment.

g. Delay, loss of use, loss of market or any other cause of consequential loss.

h. Voluntary parting with any Covered Property whether or not induced to do so by any fraudulent scheme, trick, device or false pretense.

3. We will not pay for loss caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss:

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;
- of part or all of any property wherever located.

d. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, mechanical breakdown, corrosion, rust, dampness, cold or heat.

C. ADDITIONAL CONDITIONS

1. COVERAGE TERRITORY

The Coverage Territory contained in the Commercial Property Conditions is deleted and replaced with the following:

We cover property wherever located within:

- a. The United States of America including its territories and possessions;
- b. Puerto Rico; and
- c. Canada.

D. ADDITIONAL DEFINITIONS

- 1. "Specified Causes of Loss" means fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; sonic boom; volcanic action; falling objects; weight of snow, ice or sleet or water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.

- b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a part of a system or appliance containing water or steam.

PERSONAL EFFECTS COVERAGE ENDORSEMENT

COMMERCIAL PROPERTY
CP 76 71 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by the endorsement.

With respect only to this endorsement, Sections **A. Coverage** and **B. Exclusions and Limitations** of the **Building And Personal Property Coverage Form** and the **Causes of Loss - Special Form** are deleted in their entirety and replaced with the following provisions.

A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any Covered Cause of Loss.

1. COVERED PROPERTY

- a. Personal effects owned by:
 - (1) You, any of your partners, members, officers or your managers;
 - (2) Your employees;
 - (3) Non-compensated officer, member or volunteer of your non-profit organization; and
 - (4) Member, cleric or volunteer of your religious organization.
- b. Personal effects of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Automobiles, motor trucks, motorcycles, aircraft or watercraft;
- b. Accounts, bills, currency, deeds, money, notes, securities and evidence of debt; or
- c. Contraband or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means risk of direct physical loss to Covered Property except those causes of loss listed in the Exclusions.

4. COVERAGE EXTENSIONS

a. Personal Effects Outside the Coverage Territory

- (1) We will pay for direct physical loss to Covered Property while temporarily at a location outside of the Coverage Territory.
- (2) This Coverage Extension does not include, in addition to the property described under Paragraph **A.2. Property Not Covered**:
 - (a) Property that is shipped via mail;
 - (b) Property where you are required to provide a negotiable ocean cargo policy or certificate to any seller, buyer or bank; or
 - (c) Property shipped to or located in a country subject of a trade embargo, economic sanctions, or other trade restrictions by the government of the United States of America.
- (3) The most we will pay under this Coverage Extension is:
 - (a) \$5,000 per person; and
 - (b) \$25,000 per occurrence.

B. EXCLUSIONS

- 1. We will not pay for loss caused directly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for loss caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire caused by a Covered Cause of Loss to prevent its spread.

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct loss caused by a resulting fire if the fire would be covered under this endorsement.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for loss caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market, or any other consequential loss.
- b. Dishonest acts by:
 - (1) You, your employees or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons and without regard to whether such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire.

- c. Missing property where the only proof of loss is unexplained or mysterious disappearance of Covered Property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the Covered Property.

This exclusion does not apply to Covered Property in the custody of a carrier for hire.

- d. Unexplained disappearance.
- e. Shortage found upon taking inventory.
- f. Processing or work upon the Covered Property.

But we will pay for direct loss to Covered Property caused by resulting fire or explosion, if these causes of loss would be covered under this endorsement.

- g. Artificially generated current creating a short circuit or other electric disturbance within an item covered under this endorsement.

But we will pay for direct loss to Covered Property caused by resulting fire or explosion, if these causes of loss would be covered under this endorsement.

This exclusion only applies to loss to that item in which the disturbance occurs.

3. We will not pay for loss caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss:

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss.
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;of part or all of any property wherever located.
- d. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, mechanical breakdown, corrosion, rust, dampness, cold or heat.

C. ADDITIONAL CONDITIONS

1. COVERAGE TERRITORY

The Coverage Territory contained in the Commercial Property Conditions is deleted and replaced with the following:

We cover property wherever located within:

- a.** The United States of America including its territories and possessions;
- b.** Puerto Rico; and
- c.** Canada.

2. Loss Payment

The following is added to Section **E. Loss Conditions**, Paragraph **4. Loss Payments**:

Our payment for loss of or damage to personal effects will only be for the account of the owner of the property.

PROPERTY IN TRANSIT COVERAGE ENDORSEMENT

COMMERCIAL PROPERTY
CP 76 72 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM
BUSINESS INCOME COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by the endorsement.

With respect only to this endorsement, Sections **A. Coverage** and **B. Exclusions and Limitations** of the **Building And Personal Property Coverage Form** and the **Causes of Loss - Special Form** are deleted in their entirety and replaced with the following provisions.

A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any Covered Cause of Loss.

1. COVERED PROPERTY

- a. Covered Property, as used in this endorsement, means:

- (1) Your personal property; or
- (2) Personal property of others in your care, custody or control;

used in your business that is in transit by any carrier or messenger for hire at your risk.

- b. We cover property shipped:

- (1) By any type of carrier or vehicle; or
- (2) In or on any land vehicle you own or operate.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Accounts, bills, currency, deeds, evidences of debt, money, notes or securities;
- b. Bullion, gold or other precious metals, jewelry, watches, precious or semiprecious stones;
- c. Furs;
- d. Coins or stamps;
- e. Live animals;
- f. The vehicle(s) carrying the property;

- g. Property in the custody of a government postal service;
- h. Property you accept while acting as a common or contract carrier;
- i. Property while waterborne. However, we cover property while aboard vessels on inland waterways when the waterborne transportation is incidental to the land portion of the journey;
- j. Import shipments:
 - (1) Until discharged from the import conveyance; or
 - (2) Until Ocean Marine insurance ceases; whichever occurs last;
- k. Export shipments:
 - (1) After placed on the outbound conveyance; or
 - (2) When Ocean Marine insurance applies to the shipment; whichever occurs first;
- l. Works of art;
- m. Contraband or property in the course of illegal transportation or trade;
- n. Salesperson's samples; or
- o. Installation property.

3. WHEN COVERAGE APPLIES

We cover property only:

- a. While in the custody of the carrier or messenger for hire:
 - (1) Until the property is delivered at its destination; or
 - (2) If the property is not delivered until it is returned to you.

We also cover the property held temporarily in storage prior to delivery to its destination or its return to you; and

- b. In or on any land vehicle you own or operate while in transit from the time the vehicle leaves the premises where the shipment begins until the vehicle arrives at its destination.

4. COVERED CAUSES OF LOSS

Covered Causes of Loss means risk of direct physical loss or damage to Covered Property except those causes of loss listed in the Exclusions.

5. COVERAGE EXTENSIONS

a. Packing Or Consolidating Companies

We will pay for loss of Covered Property in the custody of a packing or consolidating company employed by you or the consignee. However, this Coverage Extension does not apply if the packing or consolidating company is the agent or representative of you or the consignee for the purpose of this insurance.

b. Fraud Or Deceit

We will pay for loss of Covered Property that you, your agents, messengers, customers or consignees give to a person or persons who falsely present themselves as the proper person to receive goods for shipment or accept goods for delivery.

c. Free On Board (F.O.B.)

We cover your interest in Covered Property you sold F.O.B.

Payments under Coverage Extensions 5.a., 5.b. and 5.c. will not increase the limit shown in the ElitePac Schedule.

d. Refrigerated Property

We will pay for loss to Covered Property caused by or resulting from breakdown, failure or malfunction of any temperature control system or refrigeration equipment.

Exclusion B.2.c. does not apply to this Coverage Extension.

In addition to Section B. Exclusions, we will not pay for loss caused by or resulting from the disconnection of any refrigerating, cooling or humidity control system from the source of power.

The most we will pay under this Coverage Extension is \$25,000.

e. Property In Transit Outside the Coverage Territory

We will pay for direct physical loss to Covered Property while in transit outside of the boundaries described under the Coverage Territory.

This coverage does not include, in addition to the property described under Paragraph A.2. **Property Not Covered:**

- (1) Property that is shipped via mail;
- (2) Property where you are required to provide a negotiable ocean cargo policy or certificate to any seller, buyer or bank; or
- (3) Property shipped to or located in a country subject to a trade embargo, economic sanctions, or other trade restrictions by the government of the United States of America.

The most we will pay under this Coverage Extension is:

- (1) \$25,000 for Technology risks; and
- (2) \$10,000 for all other risks.

f. Your Business Personal Property In Transit Business Income

When a **BUSINESS INCOME COVERAGE FORM** is made a part of this policy, we will pay for the actual loss of Business Income you sustain and the necessary Extra Expense you incur due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss or damage to Your Business Personal Property while in due course of transit, caused by or resulting from a Covered Cause of Loss.

The most we will pay under this Coverage Extension is \$25,000.

B. EXCLUSIONS

- 1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this endorsement.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

Exclusions **B.1.a.** through **B.1.c.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss caused by or resulting from any of the following:
 - a. Improper packing or stowage, or rough handling. But this exclusion does not apply to loss caused by or resulting from improper packing or stowage, or rough handling by others who are carriers for hire.
 - b. Delay, loss of use, loss of market or any other indirect loss.
 - c. Breakdown of refrigeration equipment except as provided under Paragraph **A.5.d. Refrigerated Property Coverage Extension**. But this exclusion does not apply to others who are carriers for hire.
 - d. Dishonest or criminal act committed by:
 - (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) A manager or a member if you are a limited liability company;
 - (3) Anyone else with an interest in the property, or their employees or authorized representatives; or

- (4) Anyone else to whom the property is entrusted for any purpose, except as provided under Paragraph **A.5.b. Fraud and Deceit Coverage Extension**.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees.

- e. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.
 - a. Any quality in the property that causes it to damage or destroy itself.
 - b. Gradual deterioration, corrosion, rust.
 - c. Dampness, extremes of temperature.
 - d. Insects, vermin or rodents.

C. ADDITIONAL CONDITIONS

1. Claims Against Others

The following is added to Commercial Property Loss Condition **3. Duties in the Event of Loss Or Damage**:

You must promptly make claim in writing against any other party which had custody of the Covered Property at the time of loss.

2. The Property Loss Condition **E.7. Valuation** is replaced by the following:

The value of Covered Property will be determined by:

- a. The value agreed on between the shipper and the consignee in writing prior to loss or damage.
- b. If Paragraph a. does not apply the value will be:
 - (1) The invoice price plus accrued costs, pre-paid charges, and charges since shipment of the Covered Property shipped to your customers.

(2) The invoice price plus accrued costs, pre-paid charges and charges since shipment of Covered Property you bought from others.

(3) The value of all other Covered Property will be the least of the following amounts:

(a) The actual net cost;

(b) The cost of restoring that property to its condition immediately before loss; or

(c) The cost of replacement.

The value will include your prepaid freight charges and any other shipping charges that are due since the start of transit.

3. The Coverage Territory contained in the Commercial Property Conditions is deleted and replaced with the following:

Coverage Territory

(1) We cover property wherever located within:

(a) The United States of America including its territories and possessions;

(b) Puerto Rico; and

(c) Canada.

(2) We also cover property being shipped by air within and between points in Paragraph (1).

4. Impairment of Rights of Recovery

The following is added to Commercial Property Condition I. **Transfer of Rights of Recovery Against Other To Us:**

Released Bills Of Lading

You may accept receipts and/or bills of lading issued by carriers limiting the amount of their liability.

5. The following conditions apply in addition to the Commercial Property Conditions:

a. Labels

In the event of loss only to the identifying labels or wrappers containing the Covered Property, we will pay the cost to replace those labels or wrappers if the loss is caused by or results from a Covered Cause of Loss.

b. Records

You must keep accurate records of all shipments covered by this Coverage Form. You must retain these records until the policy ends.

SALESPERSON'S SAMPLES COVERAGE ENDORSEMENT

COMMERCIAL PROPERTY
CP 76 73 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM CAUSES OF LOSS - SPECIAL FORM

With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by the endorsement.

With respect only to this endorsement, Sections **A. Coverage** and **B. Exclusions and Limitations** of the **Building And Personal Property Coverage Form** and the **Causes of Loss - Special Form** are deleted in their entirety and replaced with the following provisions.

A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any Covered Cause of Loss.

1. COVERED PROPERTY

- a. "Stock" in trade, including containers, while
 - (1) In the custody of your sales representative, agent or any employee who travels with sales samples; or
 - (2) In your custody while acting as a sales representative.
- b. "Stock" in trade of others, including containers, while
 - (1) In the care, custody or control of your sales representative, agent or any employee who travels with sales samples; or
 - (2) In your care, custody or control while you are acting as a sales representative.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Property which has been sold;
- b. Accounts, bills, currency, deeds, money, notes, securities and evidence of debt;
- c. Jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys;

- d. Furs, fur garments or garments trimmed with fur;
- e. Automobiles, motor trucks, motorcycles, aircraft or watercraft; and
- f. Contraband or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means risk of direct physical loss to Covered Property except those causes of loss listed in the Exclusions.

4. COVERAGE EXTENSIONS

a. Salesperson's Samples Outside the Coverage Territory

- (1) We will pay for direct physical loss to Covered Property while temporarily at a location outside of the Coverage Territory.
- (2) This Coverage Extension does not include, in addition to the property described under Paragraph **A.2. Property Not Covered**:
 - (a) Property that is shipped via mail;
 - (b) Property where you are required to provide a negotiable ocean cargo policy or certificate to any seller, buyer or bank; or
 - (c) Property shipped to or located in a country subject of a trade embargo, economic sanctions, or other trade restrictions by the government of the United States of America.
- (3) The most we will pay under this Coverage Extension is:
 - (a) \$25,000 for Technology risks; and
 - (b) \$10,000 for all other risks.

B. EXCLUSIONS

1. We will not pay for loss caused directly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for loss caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire caused by a Covered Cause of Loss to prevent its spread.

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct loss caused by a resulting fire if the fire would be covered under this endorsement.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for loss caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market, or any other consequential loss.
- b. Dishonest acts by:
 - (1) You, your employees or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons and without regard to whether such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire.

- c. Missing property where the only proof of loss is unexplained or mysterious disappearance of Covered Property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the Covered Property.

This exclusion does not apply to Covered Property in the custody of a carrier for hire.

- d. Unexplained disappearance.
- e. Shortage found upon taking inventory.
- f. Processing or work upon the Covered Property.

But we will pay for direct loss to Covered Property caused by resulting fire or explosion, if these causes of loss would be covered under this endorsement.

- g. Artificially generated current creating a short circuit or other electric disturbance within an item covered under this endorsement.

But we will pay for direct loss to Covered Property caused by resulting fire or explosion, if these causes of loss would be covered under this endorsement.

This exclusion only applies to loss to that item in which the disturbance occurs.

- h. Theft from an unattended vehicle, except when it is securely locked, its windows are fully closed and there is visible evidence that entry into the vehicle was forced.

3. We will not pay for loss caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss:

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss.

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;of part or all of any property wherever located.
- d. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, mechanical breakdown, corrosion, rust, dampness, cold or heat.

C. ADDITIONAL CONDITIONS

1. COVERAGE TERRITORY

The Coverage Territory contained in the Commercial Property Conditions is deleted and replaced with the following:

We cover property wherever located within:

- a. The United States of America including its territories and possessions;
- b. Puerto Rico; and
- c. Canada.

TOOLS AND EQUIPMENT COVERAGE ENDORSEMENT

COMMERCIAL PROPERTY
CP 76 74 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by the endorsement.

With respect only to this endorsement, Sections **A. Coverage** and **B. Exclusions and Limitations** of the **Building And Personal Property Coverage Form** and the **Causes of Loss - Special Form** are deleted in their entirety and replaced with the following provisions.

A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any Covered Cause of Loss.

1. COVERED PROPERTY

- a. Your tools and equipment; and
- b. Tools and equipment of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Automobiles, motor trucks, motorcycles, aircraft or watercraft;
- b. Mobile equipment;
- c. Accounts, bills, currency, deeds, money, notes, securities and evidence of debt; or
- d. Contraband or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means risks of direct physical loss to Covered Property except those causes of loss listed in the Exclusions.

B. EXCLUSIONS

1. We will not pay for loss caused directly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for loss caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire caused by a Covered Cause of Loss to prevent its spread.

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct loss caused by a resulting fire if the fire would be covered under this endorsement.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for loss caused by or resulting from any of the following:

a. Delay, loss of use, loss of market, or any other consequential loss.

b. Dishonest acts by:

- (1) You, your employees or authorized representatives;
- (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
- (3) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons and without regard to whether such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire.

- c. Missing property where the only proof of loss is unexplained or mysterious disappearance of Covered Property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the Covered Property.

This exclusion does not apply to Covered Property in the custody of a carrier for hire.

- d. Unexplained disappearance.
- e. Shortage found upon taking inventory.
- f. Processing or work upon the Covered Property.

But we will pay for direct loss to Covered Property caused by resulting fire or explosion, if these causes of loss would be covered under this endorsement.

- g. Artificially generated current creating a short circuit or other electric disturbance within an item covered under this endorsement.

But we will pay for direct loss to Covered Property caused by resulting fire or explosion, if these causes of loss would be covered under this endorsement.

This exclusion only applies to loss to that item in which the disturbance occurs.

- 3. We will not pay for loss caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss:
 - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss.

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;of part or all of any property wherever located.
- d. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, mechanical breakdown, corrosion, rust, dampness, cold or heat.

C. ADDITIONAL CONDITIONS

1. COVERAGE TERRITORY

The Coverage Territory contained in the Commercial Property Conditions is deleted and replaced with the following:

We cover property wherever located within:

- a. The United States of America including its territories and possessions;
- b. Puerto Rico; and
- c. Canada.

VALUABLE PAPERS COVERAGE ENDORSEMENT

COMMERCIAL PROPERTY
CP 76 75 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM CAUSES OF LOSS - SPECIAL FORM

With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by the endorsement.

With respect only to this endorsement, Sections **A. Coverage** and **B. Exclusions and Limitations** of the **Building And Personal Property Coverage Form** and the **Causes of Loss - Special Form** are deleted in their entirety and replaced with the following provisions.

A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property, as used in this endorsement, means "valuable papers and records" that are your property or property of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Property held as samples or for delivery after sale;
- b. Property in storage away from the "premises" shown in the Declarations except as provided in the Away From Your "Premises" Coverage Extension of this endorsement; or
- c. Contraband or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means risks of direct physical loss to Covered Property except those causes of loss listed in the Exclusions.

4. ADDITIONAL COVERAGE - COLLAPSE

We will pay for direct loss caused by or resulting from risks of direct physical loss involving collapse of all or part of a building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling

objects; weight of snow, ice or sleet; water damage; all only as insured against in this endorsement;

- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof; or
- f. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the limit shown in the ElitePac Schedule.

5. Coverage Extension

a. Removal

If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of loss or damage, we will pay for loss or damage while they are:

- (1) At a safe place away from your "premises"; or
- (2) Being taken to and returned from that place.

This Coverage Extension is included within the limit shown in the ElitePac Schedule for Valuable Papers.

b. Away From Your "Premises"

We will pay up to \$25,000 for loss to Covered Property while it is away from your "premises".

This Coverage Extension is in addition to the limit shown in the ElitePac Schedule for Valuable Papers.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for loss caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire caused by a Covered Cause of Loss to prevent its spread.

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct loss caused by a resulting fire if the fire would be covered under this endorsement.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for loss caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.
- b. Dishonest or criminal act committed by:
 - (1) You, any of your partners, your employees, directors, trustees or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

But this exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.

c. Errors or omissions in processing or copying.

But we will pay for direct loss caused by resulting fire or explosion if these causes of loss would be covered by this endorsement.

d. Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss caused by lightning.

e. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

f. Unauthorized instructions to transfer property to any person or to any place.

3. We will not pay for loss caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss:

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property wherever located.

d. Collapse except as provided in the **Additional Coverage - Collapse section of this Coverage Form.**

e. Wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration; insects, vermin or rodents.

D. ADDITIONAL CONDITIONS

1. VALUATION

The Property Loss Condition **E.7. Valuation** is deleted and replaced by the following:

The value of property will be the least of the following amounts:

1. The cost of reasonably restoring that property to its condition immediately before loss; or
2. The cost of replacing that property with substantially identical property.

In the event of loss the value of property will be determined as of the time of loss.

2. RECOVERIES

The following is added to Commercial Property Conditions:

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. If so, your loss will be readjusted based on the amount you received for the property recovered, with allowance for recovery expenses incurred.

3. COVERAGE TERRITORY

The Coverage Territory contained in the Commercial Property Conditions is deleted and replaced by the following:

We cover property:

- (1) Within your "premises"; and
- (2) Away from you "premises" while in transit or within the premises of others if those premises are located or the transit is within:
 - (a) The United States of America including its territories and possessions;
 - (b) Puerto Rico; and
 - (c) Canada.

E. ADDITIONAL DEFINITIONS

1. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities", converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

2. "Premises" means that interior portion of the building at the address shown in the Declarations that you occupy for your business.

3. "Money" means:

- a. Currency, coins and bank notes whether or not in current use; and
- b. Travelers checks, register checks and money orders held for sale to the public.

4. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps whether or not in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not of your own issue;

but does not include "money".

Previous Policy Number

S 2003458

Policy Number

S 2003458

COMMERCIAL LIABILITY COVERAGE DECLARATION

Policy Effective Date: DECEMBER 1, 2017

Coverage Effective Date: DECEMBER 1, 2017

Business of Named Insured: LESSORS RISK SHOPPIN

Insurance is provided only for those coverages for which a specific limit is shown in the following coverage schedule.

Coverage Limits**COMMERCIAL GENERAL LIABILITY**

General Aggregate Limit (Other Than Products-Completed Operations)	\$3,000,000
Products-Completed Operations -- Aggregate Limit	\$3,000,000
Personal and Advertising -- Injury Limit	\$1,000,000
Each Occurrence Limit	\$1,000,000
Damage To Premises Rented To You Limit -- Any One Premises	\$500,000
Medical Expense Limit -- Any One Person	\$15,000

Commercial Liability Premium (s)

Classification	Class Code	Premium Basis	Rates		Advanced Premium	
			Premises - Operations	Products - Completed Operations	Premises - Operations	Products - Completed Operations
ELITEPAC GENERAL LIABILITY EXTENSION ENDORSEMENT					\$73.00	
TERRORISM					\$38.00	
LOCATION #001 BUILDING #001 -----						
PARKING PUBLIC SHOPPING INSURED (T-002)	46607	2 (A)	6.304	INCL.	\$1.00	INCL.
SHOPPING CENTERS BLGS PREM (T-002)	67635	95,114 (A)	17.207	INCL.	\$1,637.00	INCL.
LOCATION #002 BUILDING #001 -----						
PARKING PUBLIC SHOPPING INSURED (T-002)	46607	1 (A)	6.304	INCL.	\$1.00	INCL.
SHOPPING CENTERS BLGS PREM (T-002)	67635	10,550 (A)	17.207	INCL.	\$182.00	INCL.
Minimum Premium	\$166.00	\$.00	Total Premium	\$1,932.00	\$.00	

Premium and Rate Legend

Location of all premises you own, rent, or control:

Refer to "Schedule of Locations"

(A) Area - rate per 1000 square feet

This Schedule lists all your premises, operations and other exposures, as they exist as of the coverage effective date.

Forms and Endorsements:

Refer to "Commercial Policy Forms
and Endorsement Schedule"

Total Advance Premium

\$1,932.00

(This premium may be
subject to adjustment.)

DESIGNATED LOCATION(S) GENERAL AGGREGATE LIMIT

POLICY NUMBER: S 2003458

COMMERCIAL GENERAL LIABILITY
CG 25 04 05 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Designated Location(s):

SUBJECT TO THE TERMS AND CONDITIONS OF THIS POLICY, EACH
DESIGNATED LOCATION LISTED ON THE SCHEDULE OF LOCATIONS
SHOWN ON THE DECLARATION PAGE FOR THIS POLICY.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A. For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section I — Coverage A, and for all medical expenses caused by accidents under Section I — Coverage C, which can be attributed only to operations at a single designated "location" shown in the Schedule above:
1. A separate Designated Location General Aggregate Limit applies to each designated "location", and that limit is equal to the amount of the General Aggregate Limit shown in the Declarations.
 2. The Designated Location General Aggregate Limit is the most we will pay for the sum of all damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard", and for medical expenses under Coverage C regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
 3. Any payments made under Coverage A for damages or under Coverage C for medical expenses shall reduce the Designated Location General Aggregate Limit for that designated "location". Such payments shall not reduce the General Aggregate Limit shown in the Declarations nor shall they reduce any other Designated Location General Aggregate Limit for any other designated "location" shown in the Schedule above.
4. The limits shown in the Declarations for Each Occurrence, Damage To Premises Rented To You and Medical Expense continue to apply. However, instead of being subject to the General Aggregate Limit shown in the Declarations, such limits will be subject to the applicable Designated Location General Aggregate Limit.
- B. For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section I — Coverage A, and for all medical expenses caused by accidents under Section I — Coverage C, which cannot be attributed only to operations at a single designated "location" shown in the Schedule above:
1. Any payments made under Coverage A for damages or under Coverage C for medical expenses shall reduce the amount available under the General Aggregate Limit or the Products-completed Operations Aggregate Limit, whichever is applicable; and
 2. Such payments shall not reduce any Designated Location General Aggregate Limit.
- C. When coverage for liability arising out of the "products-completed operations hazard" is provided, any payments for damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard" will reduce the Products-completed Operations Aggregate Limit, and not reduce the General Aggregate Limit nor the Designated Location General Aggregate Limit.

- D. For the purposes of this endorsement, the **Definitions** Section is amended by the addition of the following definition:

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

- E. The provisions of **SECTION III — Limits Of Insurance** not otherwise modified by this endorsement shall continue to apply as stipulated.

PRODUCT RECALL EXPENSE COVERAGE ENDORSEMENT

POLICY NUMBER: S 2003458

COMMERCIAL GENERAL LIABILITY
CG 79 35 07 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

SUB-LIMITS OF INSURANCE:

"Product Recall Expense"

Per Occurrence: \$25,000

Annual Aggregate: \$50,000

"Additional Covered Expenses"

The "Additional Covered Expenses" Per Occurrence and Annual Aggregate Limit is equal to 50% of the above "Product Recall Expense" Limit.

DEDUCTIBLE: N/A

COVERAGE IN THIS ENDORSEMENT DOES NOT APPLY TO THESE PRODUCTS:

THIS ENDORSEMENT ONLY PROVIDES REIMBURSEMENT TO YOU FOR EXPENSES INCURRED BECAUSE OF A COVERED "PRODUCT RECALL". THIS ENDORSEMENT DOES NOT PROVIDE ANY LIABILITY COVERAGE OR COVERAGE FOR THE COST OR EXPENSE OF DEFENDING ANY CLAIM OR SUIT.

A. The following is added to SECTION I — COVERAGES:

SECTION I — LIMITED PRODUCT RECALL EXPENSE COVERAGE

1. Insuring Agreement

- a. We will reimburse you for "Product Recall Expense" and "Additional Covered Expenses" incurred by you because of a "product recall" to which this insurance applies.

The amount of such reimbursement is limited as described in **SECTION III — LIMITS OF INSURANCE**. No other obligation or liability to pay sums or perform acts or services is covered.

- b. This insurance applies to a "product recall" only if the "product recall" is initiated in the "coverage territory" during the policy period because:

- (1) You determine that the "product recall" is necessary; or
- (2) An authorized government entity has ordered you to conduct a "product recall".

c. We will reimburse you for "Product Recall Expense" and "Additional Covered Expenses" only if:

- (1) These expenses are incurred within one year of the date the "product recall" was initiated;
- (2) These expenses are reported to us within one year of the date the expenses were incurred; and
- (3) The product that is the subject of the "product recall" is not listed in the **"COVERAGE IN THIS ENDORSEMENT DOES NOT APPLY TO THESE PRODUCTS"** entry in the **SCHEDULE** above.

d. The initiation of a "product recall" will be deemed to have been made only at the earliest of the following times:

- (1) When you first announced, in any manner, to the general public, your vendors or to your employees (other than those employees directly involved in making the determination) your decision to conduct or participate in a "product recall". This applies regardless of whether the determination to conduct a "product recall" is made by you or is requested by a third party; or
- (2) When you first received, either orally or in writing, notification of an order from an authorized government entity to conduct a "product recall".

e. "Product Recall Expense" or "Additional Covered Expenses" incurred to recall "your products" which contain the same or substantially similar "defects" will be deemed to have arisen out of the same "product recall".

2. Exclusions

This insurance does not apply to "Product Recall Expense" or "Additional Covered Expenses" arising out of:

a. Any "product recall" initiated due to the failure of "your product" to accomplish its intended purpose, including any breach of warranty of fitness, whether written or implied. This exclusion does not apply if such failure has caused or is reasonably expected to cause "bodily injury" or "property damage" to tangible property other than "your product".

b. Any "product recall" initiated due to copyright, patent, trade secret, trade dress, trade name or trademark infringements, or any other intellectual property laws.

c. Any "product recall" initiated due to transformation of a chemical nature, deterioration or decomposition of "your product". This exclusion does not apply if it is caused by:

- (1) An error in manufacturing, design, or processing;
- (2) Transportation of "your product"; or
- (3) "Product tampering".

d. Any "product recall" initiated due to expiration of the designated shelf life of "your product".

e. A "product recall", initiated because of a "defect" in "your product" known to exist by the Named Insured or the Named Insured's "executive officers", prior to the date when this Coverage Part was first issued to you or prior to the time "your product" leaves your control or possession.

f. A recall of any specific products for which "bodily injury" or "property damage" is excluded under **Coverage A — Bodily Injury And Property Damage Liability** by endorsement.

g. A recall when "your product" or a component contained within "your product" has been:

- (1) Banned from the market by an authorized government entity prior to the policy period; or
- (2) Distributed or sold by you subsequent to any governmental ban.

h. The defense of a claim or "suit" against you for liability arising out of a "product recall".

i. Any compensatory damages, fines, penalties, punitive or exemplary or other non-compensatory damages imposed upon the insured.

j. Any loss, cost or expense due to any:

- (1) Request, demand, order, statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

- k. Liability assumed by you in any contract or agreement.
- l. Damages or expenses arising out of the violation of any government regulation.
- m. Any unauthorized change in "your product" after it leaves your possession or control. This exclusion does not apply to a covered "product recall" due to "product tampering."
- n. Redistribution or replacement of "your product" which has been recalled by like products or substitutes.
- o. Caprice or whim of the insured.
- p. Recall of "your products" that have no known or suspected defect solely because a known or suspected defect in another of "your products" has been found.
- q. Willful, dishonest, fraudulent, criminal or malicious acts.

B. For the purposes of this endorsement, **SECTION III — LIMITS OF INSURANCE** is replaced by the following:

SECTION III — LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the **SCHEDULE** are Sub-Limits and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Product recalls" initiated; or
 - c. Number of "your products" withdrawn.
- 2. If there are no amounts shown in the **SCHEDULE**, these Sub-Limits will apply:
 - a. "Product Recall Expense":

Per Occurrence	\$25,000
Annual Aggregate	\$25,000
 - b. "Additional Covered Expense": The Per Occurrence and Annual Aggregate is 50% of the "Product Recall Expense" Per Occurrence and Annual Aggregate limit.
- 3. The most we will pay for "Product Recall Expense" during any policy period is the Annual Aggregate Sub-Limit shown on this endorsement's **SCHEDULE**.

4. The most we will pay for "Additional Covered Expenses" during any policy period is 50% of the "Product Recall Expense" Annual Aggregate Sub-Limit on this endorsement's **SCHEDULE**.

5. Deductible Provision

a. Deductible

We will only pay for the amount of "Product Recall Expense" and "Additional Covered Expenses" which are in excess of the deductible amount, if any, shown in the Schedule of this endorsement. The deductible applies separately to each "product recall". The Limits of Insurance will not be reduced by the amount of this deductible.

We may, or will if required by law, pay all or any part of any deductible amount, if applicable, to effect settlement of any claim or "suit". Upon notice of our payment of a deductible amount, you shall promptly reimburse us for the part of the deductible amount we paid.

The Limits of Insurance apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

C. For the purposes of this endorsement, the Duties In The Event Of Occurrence, Claim Or Suit Condition under **SECTION IV — CONDITIONS** is replaced by the following:

2. Duties In The Event Of A "Defect" Or A "Product Recall"

- a. You must see to it that we are notified as soon as practicable of any actual, suspected or threatened "defect" in "your product", or any governmental investigation, that may result in a "product recall". To the extent possible, notice should include:
 - (1) How, when and where the "defect" was discovered;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature, location and circumstances of any injury or damage arising out of use or consumption of "your product".

- b. If a "product recall" is initiated, you must:
- (1) Immediately record the specifics of the "product recall" and the date it was initiated; and
 - (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the "product recall" as soon as practicable.

- c. You must promptly take all reasonable steps to mitigate the expenses associated with a "product recall". Any financial gain or salvage recovery you receive or may be entitled to receive from mitigating the expenses will be deducted from the amount of reimbursement that you will receive for "Product Recall Expense" and "Additional Covered Expenses".

- d. You and any others involved insured must:

- (1) Immediately send us copies of pertinent correspondence received in connection with the "product recall";
- (2) Authorize us to obtain records and other information; and
- (3) Cooperate with us in our investigation of the "product recall".

- D. For the purposes of this endorsement, the following condition is added to **SECTION IV — CONDITIONS:**

Concealment Or Fraud

We will not provide coverage under **SECTION I** of this endorsement to you, or any other insured, who at any time:

1. Engaged in fraudulent conduct; or
2. Intentionally concealed or misrepresented a material fact concerning a "product recall" or "Product Recall Expenses" or "Additional Covered Expenses" incurred by you under **SECTION I** of this endorsement.

- E. The following definitions are added to **SECTION V — DEFINITIONS:**

1. "Additional Covered Expenses" includes reimbursement to the named insured for "customer consequential loss of profit expense", "cost to replace", "good faith advertising".

2. "Customer consequential loss of profit expense" means the loss of financial gain incurred by your direct customers as a consequence of the "product recall" of "your product" or the "product recall" of their product because their product incorporated "your product."
3. "Cost to replace" means the cost to produce or acquire a like replacement product, including the cost to return "your product" to the purchaser, not to exceed the cost of goods sold. This also includes the cost of unsold finished stock but only if your product cannot be repaired, reconditioned, decontaminated or made marketable.
4. "Good faith advertising" means those advertising costs you pay for the specific purpose of regaining customer approval or faith in "your product."
5. "Defect" means a defect, deficiency or inadequacy that creates a dangerous condition.
6. "Product tampering" is an act of intentional alteration of "your product" which has caused or is reasonably expected to cause "bodily injury" or physical injury to tangible property other than "your product".

When "product tampering" is known, suspected or threatened, a "product recall" will be limited to those batches of "your product" which are known or suspected to have been tampered with.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

7. "Product recall" means the recall or withdrawal:
 - a. From the market; or
 - b. From use by any other person or organization; of "your products", or products which contain "your products", because of known or suspected defects in "your product", or known or suspected "product tampering", which has caused or is reasonably expected to cause "bodily injury" or physical injury to tangible property other than "your product".

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

8. "Product Recall Expense" means those reasonable expenses, listed below, paid on a reimbursement basis and directly related to a "product recall":

- a. Costs of advertising;
- b. Costs of stationery, envelopes, production of announcements and postage or facsimiles;
- c. Costs of overtime paid to your regular non-salaried employees and costs incurred by your employees, including costs of transportation and accommodations;

- d. Costs of hiring independent contractors and other temporary employees;
- e. Costs of transportation, shipping or packaging;
- f. Costs of warehouse or storage space; or
- g. Costs of proper disposal of "your products", or products that contain "your products", that can not be reused, not exceeding your purchase price or your cost to produce the products.
- h. Inspection and testing of "your products" to determine whether or not they may be subject to a "product recall".

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

COMMERCIAL GENERAL LIABILITY
CG 00 01 04 13

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under **Section II — Who Is An Insured**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **Section V — Definitions**.

SECTION I — COVERAGES

COVERAGE A — BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in **Section III — Limits Of Insurance**; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments — Coverages **A** and **B**.

- b. This insurance applies to "bodily injury" and "property damage" only if:
- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

- (2) The "bodily injury" or "property damage" occurs during the policy period; and
 - (3) Prior to the policy period, no insured listed under Paragraph 1. of **Section II — Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of **Section II — Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of **Section II — Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
 - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

- (2) Any loss, cost or expense arising out of any:
 - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

- (5) "Bodily injury" or "property damage" arising out of:
 - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
 - (b) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;

- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in **Section III — Limits Of Insurance**.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

q. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in **Section III — Limits Of Insurance**.

COVERAGE B — PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in **Section III — Limits Of Insurance**; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments — Coverages **A** and **B**.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods — Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-related

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

o. War

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

p. Recording And Distribution Of Material Or Information In Violation Of Law

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

COVERAGE C — MEDICAL PAYMENTS

1. Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations;

provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers' Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

SUPPLEMENTARY PAYMENTS — COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

- 2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
 - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - b. This insurance applies to such liability assumed by the insured;
 - c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
 - d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
 - e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
 - f. **The indemnitee:**
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and
 - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of **Section I — Coverage A — Bodily Injury And Property Damage Liability**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II — WHO IS AN INSURED

- 1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (1)(a) or (b) above; or
- (d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by;
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;
- you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and
- (2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III — LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

2. The General Aggregate Limit is the most we will pay for the sum of:

- a. Medical expenses under Coverage C;
- b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
- c. Damages under Coverage B.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to Paragraph 2. above, the Personal And Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to Paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage **A**; and
 - b. Medical expenses under Coverage **C**
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV — COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and

- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.
 You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph c. below.

b. Excess Insurance

(1) This insurance is excess over:

(a) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(ii) That is Fire Insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of **Section I — Coverage A — Bodily Injury And Property Damage Liability**.

(b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

(2) When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V — DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

- a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b.** A sidetrack agreement;
- c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e.** An elevator maintenance agreement;
- f.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2)** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a)** Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b)** Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3)** Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b.** While it is in or on an aircraft, watercraft or "auto"; or
 - c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
- but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b.** Vehicles maintained for use solely on or next to premises you own or rent;
- c.** Vehicles that travel on crawler treads;
- d.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1)** Power cranes, shovels, loaders, diggers or drills; or
 - (2)** Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2)** Cherry pickers and similar devices used to raise or lower workers;
- f.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
 - (3) Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
21. "Your product":
- a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
 - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- (2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2) The providing of or failure to provide warnings or instructions.

**EXCLUSION — ACCESS OR DISCLOSURE OF
CONFIDENTIAL OR PERSONAL INFORMATION AND
DATA-RELATED LIABILITY — WITH
LIMITED BODILY INJURY EXCEPTION**

COMMERCIAL GENERAL LIABILITY
CG 21 06 05 14

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Exclusion 2.p. of Section I — Coverage A — Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

- p. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

However, unless Paragraph (1) above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

- B. The following is added to Paragraph 2. Exclusions of Section I — Coverage B — Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Access Or Disclosure Of Confidential Or Personal Information

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

COMMERCIAL GENERAL LIABILITY
CG 21 47 12 07

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I — Coverage A — Bodily Injury And Property Damage Liability:

This insurance does not apply to:

“Bodily injury” to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person’s employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of “bodily injury” to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I — Coverage B — Personal And Advertising Injury Liability:

This insurance does not apply to:

“Personal and advertising injury” to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person’s employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of “personal and advertising injury” to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

FUNGI OR BACTERIA EXCLUSION

COMMERCIAL GENERAL LIABILITY
CG 21 67 12 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2. Exclusions of Section I — Coverage A — Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

Fungi Or Bacteria

- a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

B. The following exclusion is added to Paragraph 2. Exclusions of Section I — Coverage B — Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

Fungi Or Bacteria

- a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

C. The following definition is added to the Definitions Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

COMMERCIAL GENERAL LIABILITY
CG 21 70 01 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

- A.** If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.
- "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

ElitePac® General Liability Extension Endorsement

COMMERCIAL GENERAL LIABILITY
CG 73 00 01 16

SUMMARY OF COVERAGES (including index)

This is a summary of the various additional coverages and coverage modifications provided by this endorsement. No coverage is provided by this summary. Refer to the actual endorsement (Pages 3-through-8) for changes affecting your insurance protection.

DESCRIPTION	PAGE FOUND
Additional Insureds - Primary and Non-Contributory Provision	Page 7
Blanket Additional Insureds - As Required By Contract	Page 6
Broad Form Vendors Coverage	Page 6
Damage To Premises Rented To You (Including Fire, Lightning or Explosion)	Page 3
Electronic Data Liability (\$100,000)	Page 4
Employee Definition Amended	Page 8
Employees As Insureds Modified	Page 5
Employer's Liability Exclusion Amended (Not applicable in New York)	Page 3
Incidental Malpractice Exclusion modified	Page 7
Knowledge of Occurrence, Claim, Suit or Loss	Page 7
Liberalization Clause	Page 7
Mental Anguish Amendment (Not applicable to New York)	Page 8
Newly Formed or Acquired Organizations	Page 5
Non-Accumulation Of Limits (Not applicable in New York or Wisconsin)	Page 7
Non-Owned Aircraft	Page 3
Non-Owned Watercraft (under 60 feet)	Page 3
Not-for-profit Members - as additional insureds	Page 5
Personal And Advertising Injury - Discrimination Amendment (Not applicable in New York)	Page 8
Products Amendment (Medical Payments)	Page 4
Supplementary Payments Amended - Bail Bonds (\$5,000) and Loss of Earnings (\$1,000)	Page 4
Unintentional Failure to Disclose Hazards	Page 7
Waiver of Transfer of Rights of Recovery (subrogation)	Page 7
When Two or More Coverage Parts of this Policy Apply to a Loss	Page 3

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ElitePac®
General Liability Extension Endorsement

COMMERCIAL GENERAL LIABILITY
CG 73 00 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The **SECTIONS** of the Commercial General Liability Coverage Form identified in this endorsement will be amended as shown below. However, if **(a) two or more Coverage Parts of this policy, or (b) two or more forms or endorsements within the same Coverage Part apply to a loss**, only the broadest coverage of this policy will apply, unless specifically stated otherwise within the particular amendment covering that loss.

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

COVERAGES - Amendments

SECTION I - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

EXCLUSIONS

Employer's Liability Amendment

(This provision is not applicable in the State of New York).

The following is added to Exclusion **e. Employer's Liability** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**:

This exclusion also does not apply to any "temporary worker".

Non-Owned Aircraft, Auto or Watercraft

A. Paragraph **(2)** of Exclusion **g. Aircraft, Auto Or Watercraft** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** is deleted in its entirety and replaced with the following:

(2) A watercraft you do not own that is:

- (a)** Less than 26 feet long and not being used to carry persons or property for a charge; or
- (b)** At least 26 feet, but less than 60 feet long, and not being used to carry persons or property for a charge. Any person is an insured who uses or is responsible for the use of such watercraft with your expressed or implied consent. However, if the insured has any other valid and collectible insurance for "bodily injury" or "property damage" that would be covered under this provision, or on any other basis, this coverage is then excess, and subject to Condition **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**.

B. The following is added to Exclusion **g. Aircraft, Auto Or Watercraft** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**:

This exclusion does not apply to:

- (6)** Any aircraft, not owned or operated by any insured, which is hired, chartered or loaned with a paid crew. However, if the insured has any other valid and collectible insurance for "bodily injury" or "property damage" that would be covered under this provision, or on any other basis, this coverage is then excess, and subject to Condition **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**.

Damage To Premises Rented to You

A. The last paragraph of Paragraph **2. Exclusions** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE** is deleted in its entirety and replaced with the following:

Exclusions **c. through n.** do not apply to damage by fire, lightning or explosion to premises rented to you or temporarily occupied by you with the permission of the owner. A separate limit of insurance applies to this coverage as described in **SECTION III - LIMITS OF INSURANCE**.

B. Paragraph 6. under **SECTION III - LIMITS OF INSURANCE** is deleted in its entirety and replaced with the following:

6. Subject to Paragraph 5. above, the most we will pay under **COVERAGE A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage caused by fire, lightning or explosion, while rented to you or temporarily occupied by you with permission of the owner, for all such damage caused by fire, lightning or explosion proximately caused by the same event, whether such damage results from fire, lightning or explosion or any combination of the three, is the amount shown in the Declarations for the Damage To Premises Rented To You Limit.

C. Paragraph a. of Definition 9. "Insured contract" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced with the following:

a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning or explosion to premises while rented to you or temporarily occupied by you with the permission of the owner is not an "insured contract";

Electronic Data Liability

A. Exclusion p. **Access or Disclosure Of Confidential Or Personal Information And Date-related Liability** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** is deleted in its entirety and replaced by the following:

p. **Access or Disclosure Of Confidential Or Personal Information And Date-related Liability**

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate "electronic data" that does not result from physical injury to tangible property.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

B. The following paragraph is added to **SECTION III - LIMITS OF INSURANCE**:

Subject to 5. above, the most we will pay under **COVERAGE A** for "property damage" because of all loss of "electronic data" arising out of any one "occurrence" is a sub-limit of \$100,000.

SECTION I - COVERAGE C MEDICAL PAYMENTS EXCLUSIONS

Any Insured Amendment

Exclusion a. **Any Insured** under **COVERAGE C MEDICAL PAYMENTS, 2. Exclusions** is deleted in its entirety and replaced with the following:

a. **Any Insured**

To any insured.

This exclusion does not apply to:

- (1) "Not-for-profit members";
- (2) "Golfing facility" members who are not paid a fee, salary, or other compensation; or
- (3) "Volunteer workers".

This exclusion exception does not apply if **COVERAGE C MEDICAL PAYMENTS** is excluded by another endorsement to this Coverage Part.

Product Amendment

Exclusion f. **Products-Completed Operations Hazard** under **COVERAGE C MEDICAL PAYMENTS, 2. Exclusions** is deleted in its entirety and replaced with the following:

f. **Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

This exclusion does not apply to "your products" sold for use or consumption on your premises, while such products are still on your premises.

This exclusion exception, does not apply if **COVERAGE C MEDICAL PAYMENTS** is excluded by another endorsement to this Coverage Part.

SECTION I - SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

Expenses For Bail Bonds And Loss Of Earnings

A. Subparagraph 1.b. under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** is deleted in its entirety and replaced with the following:

b. Up to \$5,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

B. Subparagraph 1.d. under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** is deleted in its entirety and replaced with the following:

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$1,000 a day because of time off from work.

SECTION II - WHO IS AN INSURED - Amendments

Not-for-Profit Organization Members

The following paragraph is added to **SECTION II - WHO IS AN INSURED**:

If you are an organization other than a partnership, joint venture, or a limited liability company, and you are a not-for-profit organization, the following are included as additional insureds:

1. Your officials;
2. Your trustees;
3. Your members;
4. Your board members;
5. Your commission members;
6. Your agency members;
7. Your insurance managers;
8. Your elective or appointed officers; and
9. Your "not-for-profit members".

However only with respect to their liability for your activities or activities they perform on your behalf.

Employees As Insureds Modified

- A. Subparagraph 2.a.(1)(a) under **SECTION II - WHO IS AN INSURED** does not apply to "bodily injury" to a "temporary worker" caused by a co-"employee" who is not a "temporary worker".
- B. Subparagraph 2.a.(2) under **SECTION II - WHO IS AN INSURED** does not apply to "property damage" to the property of a "temporary worker" or "volunteer worker" caused by a co-"employee" who is not a "temporary worker" or "volunteer worker".
- C. Subparagraph 2.a.(1)(d) under **SECTION II - WHO IS AN INSURED** does not apply to "bodily injury" caused by cardio-pulmonary resuscitation or first aid services administered by a co-"employee".

With respect to this provision only, Subparagraph (1) of Exclusion 2. e. **Employer's Liability** under **SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** does not apply.

Newly Formed Or Acquired Organizations

A. Subparagraph 3.a. under **SECTION II - WHO IS AN INSURED** is deleted in its entirety and replaced with the following:

- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier. However, **COVERAGE A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization.

B. The following paragraph is added to **SECTION II - WHO IS AN INSURED**, Paragraph 3:

If you are engaged in the business of construction of dwellings three stories or less in height, or other buildings three stories or less in height and less than 25,000 square feet in area, you will also be an insured with respect to "your work" only, for the period of time described above, for your liability arising out of the conduct of any partnership or joint venture of which you are or were a member, even if that partnership or joint venture is not shown as a Named Insured. However, this provision only applies if you maintain or maintained an interest of at least fifty percent in that partnership or joint venture for the period of that partnership or joint venture.

This provision does not apply to any partnership or joint venture that has been dissolved or otherwise ceased to function for more than thirty-six months.

With respect to the insurance provided by this provision, **Newly Formed or Acquired Organizations**, the following is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY**, Paragraph 4. **Other Insurance**, Subparagraph b. **Excess Insurance**:

The insurance provided by this provision, **Newly Formed or Acquired Organizations**, is excess over any other insurance available to the insured, whether primary, excess, contingent or on any other basis.

(All other provisions of this section remain unchanged).

Blanket Additional Insureds - As Required By Contract

A. Subject to the **Primary and Non-Contributory** provision set forth in this endorsement, **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization whom you have agreed in a written contract, written agreement or written permit that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury" or "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your ongoing operations, "your product", or premises owned or used by you;

With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services by or for you, including:

- a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
- b. Supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering of, or failure to render, any professional architectural, engineering or surveying services.

2. Your maintenance, operation or use of equipment, other than aircraft, "auto" or watercraft, rented or leased to you by such person or organization. A person or organization's status as an additional insured under this endorsement ends when their contract, or agreement with you for such rented or leased equipment ends. With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the rental agreement or equipment lease expires.

The provisions of this coverage extension do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the "bodily injury" or "property damage" or "personal and advertising injury".

Broad Form Vendors Coverage

Subject to the **Primary and Non-Contributory** provision set forth in this endorsement, **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization (referred to below as vendor) whom you have agreed in a written contract or written agreement to add as an additional insured on your policy. Such person or organization is an additional insured only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, however the insurance afforded the vendor does not apply to:

- a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement; however this exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- b. Any express warranty unauthorized by you;
- c. Any physical or chemical change in the product made intentionally by the vendor;
- d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
- e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business in connection with the sale of the product; or
- f. Products which, after distribution or sale by you, have been labeled or re-labeled or used as a container, part of ingredient of any other thing or substance by or for the vendor; however this insurance does not apply to any insured person or organization, from who you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

The provisions of this coverage extension do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) prior to the "bodily injury" or "property damage".

Incidental Malpractice

Subparagraph 2.a.(1)(d) under **SECTION II - WHO IS AN INSURED** is deleted in its entirety and replaced with the following:

- (d) Arising out of his or her providing or failing to provide professional health care services. This does not apply to nurses, emergency medical technicians or paramedics if you are not in the business or occupation of providing any such professional services.

This provision does not apply if you are a Social Service or Senior Living risk.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS - Amendments

Knowledge Of Occurrence, Claim, Suit Or Loss

The following is added to Paragraph 2. **Duties in the Event of Occurrence, Offense, Claim or Suit** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

The requirements under this paragraph do not apply until after the "occurrence" or offense is known to:

1. You, if you are an individual;
2. A partner, if you are a partnership;
3. An "executive officer" or insurance manager, if you are a corporation;
4. Your members, managers or insurance manager, if you are a limited liability company; or
5. Your elected or appointed officials, officers, members, trustees, board members, commission members, agency members, or your administrator or your insurance manager if you are an organization other than a partnership, joint venture, or limited liability company.

Primary and Non-Contributory Provision

The following is added to Paragraph 4. **Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

This insurance shall be excess with respect to any person or organization included as an additional insured under this policy, any other insurance that person or organization has shall be primary with respect to this insurance, unless:

- (1) The additional insured is a Named Insured under such other insurance;
- (2) You have agreed in a written contract, written agreement or written permit to include that additional insured on your General Liability policy on a primary and/or non-contributory basis; and
- (3) The written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the "bodily injury" or "property damage" or "personal and advertising injury".

Unintentional Failure To Disclose Hazards

The following is added to Paragraph 6. **Representations** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

However, if you should unintentionally fail to disclose any existing hazards in your representations to us at the inception date of the policy, or during the policy period in connection with any additional hazards, we shall not deny coverage under this Coverage Part based upon such failure to disclose hazards.

Waiver Of Transfer Of Rights Of Recovery

The following is added to Paragraph 8. **Transfer of Rights Of Recovery Against Others To Us** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

We will waive any right of recovery we may have against a person or organization because of payments we make for "bodily injury" or "property damage" arising out of your ongoing operations or "your work" done under a written contract or written agreement and included in the "products-completed operations hazard", if:

1. You have agreed to waive any right of recovery against that person or organization in a written contract or written agreement;
2. Such person or organization is an additional insured on your policy; or
3. You have assumed the liability of that person or organization in that same contract, and it is an "insured contract".

The section above only applies to that person or organization identified above, and only if the "bodily injury" or "property damage" occurs subsequent to the execution of the written contract or written agreement.

Liberalization

The following condition is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

If we revise this Coverage Part to provide more coverage without additional premium charge, subject to our filed company rules, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

Non-Accumulation Of Limits

(This provision is not Applicable in the state of New York or Wisconsin).

The following condition is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

If you have other insurance provided by us or one of our affiliates that will respond to a claim or "suit" also covered under this coverage, the maximum limit of insurance under all collectible insurance shall not exceed the highest applicable limit under any one of the other coverage part(s), form(s) or policy(ies).

SECTION V - DEFINITIONS

Discrimination

(This provision does not apply in New York).

- A. The following is added to Definition 14. "Personal and advertising injury":

"Personal and advertising injury" also means "discrimination" that results in injury to the feelings or reputation of a natural person, however only if such "discrimination" or humiliation is:

1. Not done by or at the direction of:
 - a. The insured; or
 - b. Anyone considered an insured under **SECTION II - WHO IS AN INSURED**;
2. Not done intentionally to cause harm to another person.
3. Not directly or indirectly related to the employment, prospective employment or termination of employment of any person or persons by any insured.
4. Not arising out of any "advertisement" by the insured.

- B. The following definition is added to **SECTION V - DEFINITIONS**:

"Discrimination" means:

- a. Any act or conduct that would be considered discrimination under any applicable federal, state, or local statute, ordinance or law;
- b. Any act or conduct that results in disparate treatment of, or has disparate impact on, a person, because of that person's race, religion, gender, sexual orientation, age, disability or physical impairment; or
- c. Any act or conduct characterized or interpreted as discrimination by a person based on that person's race, religion, gender, sexual orientation, age, disability or physical impairment.

It does not include acts or conduct characterized or interpreted as sexual intimidation or sexual harassment, or intimidation or harassment based on a person's gender.

Electronic Data

The following definition is added to **SECTION V - DEFINITIONS**:

"Electronic data" means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cell, data processing devices or any other media which are used with electronically controlled equipment.

For the purpose of the Electronic Data Liability coverage provided by this endorsement, Definition 17. "Property damage" is deleted in its entirety and replaced by the following:

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of, loss of use of, damage to, corruption of, inability to access, or inability to properly manipulate "electronic data", resulting from physical injury to tangible property. All such loss of "electronic data" shall be deemed to occur at the time of the "occurrence" that caused it.

For the purpose of the Electronic Data Liability coverage provided by this endorsement, "electronic data" is not tangible property.

Employee Amendment

Definition 5. "Employee" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced by the following:

5. "Employee" includes a "leased worker", or a "temporary worker". If you are a School, "Employee" also includes a student teacher.

Golfing Facility

The following definition is added to **SECTION V - DEFINITIONS**:

"Golfing facility" means a golf course, golf club, driving range, or miniature golf course.

Mental Anguish Amendment

(This provision does not apply in New York).

Definition 3. "Bodily injury" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced with the following:

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time. This includes mental anguish resulting from any bodily injury, sickness or disease sustained by a person. (In New York, mental anguish has been determined to be "bodily injury").

Not-for-profit Member

The following definition is added to **SECTION V - DEFINITIONS**:

"Not-for-profit member" means a person who is a member of a not-for-profit organization, including clubs and churches, who receives no financial or other compensation.

GENERAL AGGREGATE LIMIT PER PROJECT

COMMERCIAL GENERAL LIABILITY
CG 79 97 11 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The General Aggregate Limit under **SECTION III — Limits Of Insurance** applies separately to each of your projects away from premises owned by or rented to you.

Previous Policy Number
S 2003458

Policy Number
S 2003458

COMMERCIAL INLAND MARINE DECLARATIONS

Policy Effective Date: DECEMBER 1, 2017

Coverage Effective Date: DECEMBER 1, 2017

Insurance is provided only for those coverages shown in the following coverage schedule.

Coverage Schedule

Coverage
FLOOD AND EARTHQUAKE COVERAGE

Premium
\$3,607.00

Forms and Endorsements:
Refer to "Commercial Policy Forms and Endorsement Schedule"

Premium Amount
\$3,679.00
(This premium may be
subject to adjustment.)

CM-7071 (07/94)

LOCATIONS SCHEDULE DIFFERENCE IN CONDITIONS

POLICY NUMBER: S 2003458

AAIS
IM 78 06 04 07

(The entries required to complete this schedule
will be shown below or on the "schedule of coverages".)

Loc No.	Bldg No.	Description of Covered Location		
001	001	1312 PARKWAY DR	GOLDSBORO	NC 27534
002	001	1310 PARKWAY DR	GOLDSBORO	NC 27534

COMMON POLICY CONDITIONS

AAIS
CL 01 00 03 99

1. **Assignment** — This policy may not be assigned without "our" written consent.

2. **Cancellation** — "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel this policy, or one or more of its parts, by written notice sent to "you" at "your" last mailing address known to "us". If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least ten days before the cancellation is effective. If "we" cancel this policy for any other reason, "we" will give "you" notice at least 30 days in advance of cancellation. The notice will state the time that the cancellation is to take effect.

"Your" return premium, if any, will be calculated according to "our" rules. It will be refunded to "you" with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.

3. **Change, Modification, or Waiver of Policy Terms** — A waiver or change of the "terms" of this policy must be issued by "us" in writing to be valid.

4. **Inspections** — "We" have the right, but are not obligated, to inspect "your" property and operations at any time. This inspection may be made by "us" or may be made on "our" behalf. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for "our" benefit only.

5. **Examination of Books and Records** — "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

VIRUS OR BACTERIA EXCLUSION

AAIS
CL 07 00 10 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ THIS CAREFULLY.

DEFINITIONS

Definitions Amended —

When "fungus" is a defined "term", the definition of "fungus" is amended to delete reference to a bacterium.

When "fungus or related perils" is a defined "term", the definition of "fungus or related perils" is amended to delete reference to a bacterium.

PERILS EXCLUDED

The additional exclusion set forth below applies to all coverages, coverage extensions, supplemental coverages, optional coverages, and endorsements that are provided by the policy to which this endorsement is attached, including, but not limited to, those that provide coverage for property, earnings, extra expense, or interruption by civil authority.

1. The following exclusion is added under Perils Excluded, item 1.:

Virus or Bacteria —

"We" do not pay for loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

This exclusion applies to, but is not limited to, any loss, cost, or expense as a result of:

- a. Any contamination by any virus, bacterium, or other microorganism; or
- b. Any denial of access to property because of any virus, bacterium, or other microorganism.

2. **Superseded Exclusions** — The Virus or Bacteria exclusion set forth by this endorsement supersedes the "terms" of any other exclusions referring to "pollutants" or to contamination with respect to any loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

OTHER CONDITIONS

Other Terms Remain in Effect —

The "terms" of this endorsement, whether or not applicable to any loss, cost, or expense, cannot be construed to provide coverage for a loss, cost, or expense that would otherwise be excluded under the policy to which this endorsement is attached.

LIBERALIZATION

COMMERCIAL INLAND MARINE
CM 72 00 01 12

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

The following General Condition is added to the Commercial Inland Marine Conditions:

Liberalization

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

AMENDATORY ENDORSEMENT NORTH CAROLINA

AAIS
IM 20 67 08 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ THIS CAREFULLY.

1. Under Coverage Extensions, Defense Costs, if applicable, is amended to include the following:
The expenses "we" incur under Defense Costs will not reduce the applicable "limit" for coverage described under Property Covered.
2. In all coverage forms except Cold Storage Locker Coverage, Contingent Cargo Coverage, Motor Truck Cargo Legal Liability Coverage, Riggers' Legal Liability Coverage, and Warehouse Legal Liability Coverage, under Other Conditions, paragraph b. of Suit Against Us is deleted and replaced by the following:
 - b. the suit has been brought within three years after "you" first have knowledge of the loss.

DIFFERENCE IN CONDITIONS FORM PROPERTY COVERAGE PART

AAIS
IM 78 00 04 07

In this coverage form, the words "you" and "your" mean the persons or organizations named as the insured on the declarations and the words "we", "us", and "our" mean the company providing this coverage.

Refer to the Definitions section at the end of this coverage form for additional words and phrases that have special meaning. These words and phrases are shown in quotation marks.

AGREEMENT

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Difference In Conditions Form. This coverage is also subject to the "schedule of coverages" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

PROPERTY COVERED

"We" cover the following property unless the property is excluded or subject to limitations.

1. **Coverage** — "We" cover direct physical loss to covered building property and business personal property (as described below) caused by a covered peril.
2. **Coverage Limitation** — "We" only cover building property and business personal property at "covered locations".
3. **Building Property** — Covered building property means buildings and structures including:
 - a. Completed additions;
 - b. Fixtures, machinery, and equipment that are a permanent part of a covered building or structure;
 - c. Outdoor fixtures;

- d. Personal property owned by "you" and used to maintain or service a covered building or structure or its premises. This includes air-conditioning equipment; fire extinguishing apparatus; floor coverings; and appliances for refrigerating, cooking, dishwashing, and laundering;

- e. If not covered by other insurance:

- 1) Buildings and additions to buildings under construction, alteration, and repair;
- 2) Materials, equipment, supplies, and temporary structures, on or within 1,000 feet of "covered locations", used for the construction, alteration, and repair of buildings or additions to buildings;

- f. Building glass;

- g. The following property if it is located on or within 1,000 feet of a covered building or structure:

- 1) Radio and television towers, antennas, satellite dishes, masts, lead-in wiring, and guy wires. This includes foundations and any other property that is permanently attached to any of these types of property;

- 2) Awnings or canopies; and

- 3) Fences;

- h. Signs, attached to covered buildings, or structures.

4. **Business Personal Property** — Covered business personal property means "your" business personal property in buildings or structures at "covered locations" or in the open (or in vehicles) on or within 1,000 feet of "covered locations". This includes:

- a. "Your" use interest as a tenant in improvements to the buildings or structures. Improvements are fixtures, alterations, installations, or additions:

- 1) To a building or structure "you" occupy but do not own; and
- 2) Made or acquired at "your" expense and which cannot be legally removed by "you";

- b. Leased personal property that "you" have a contractual responsibility to insure;
- c. "Your" interest in personal property of others to the extent of "your" labor, material, and services;
- d. Personal property of others, this means personal property of others that is in "your" care, custody, or control.

Personal property of others includes property that is sold under an installation agreement where "your" responsibility continues until the property is accepted by the buyer.

"Our" payment for loss to personal property of others will only be for the benefit of the owners of the personal property.

PROPERTY NOT COVERED

- 1. **Airborne Or Waterborne Property** — "We" do not cover airborne or waterborne personal property unless the property is being transported by regularly scheduled airlines or ferry service.
- 2. **Aircraft Or Watercraft** — "We" do not cover aircraft or watercraft (including their motors, equipment, and accessories).

However, "we" do cover aircraft or watercraft (including their motors, equipment, and accessories) that "you" manufacture, process, warehouse, or hold for sale.
- 3. **Animals** — "We" do not cover animals, including birds and fish.
- 4. **Automobiles And Vehicles** — "We" do not cover automobiles, motor trucks, tractors, trailers, and similar conveyances designed and used for over-the-road transportation of people or cargo.

"We" do cover automobiles and vehicles that "you" manufacture, process, or warehouse. However, "we" do not cover automobiles or vehicles held for sale.
- 5. **Bridges, Dams, And Tunnels** — "We" do not cover bridges, dams, or tunnels.
- 6. **Contraband** — "We" do not cover contraband or property in the course of illegal transportation or trade.
- 7. **Crops** — "We" do not cover grain, hay, straw, or other crops when outdoors.

- 8. **Exports And Imports** — "We" do not cover exported or imported property that is covered under any ocean marine cargo insurance policy or any similar policy that anyone has obtained covering exports and imports.

- 9. **Furs, Jewelry, Stamps, Tickets, And/Or Letters Of Credit** — "We" do not cover:

- a. Furs or fur trimmed garments;
- b. Jewelry; watches; watch movements; jewels; pearls; precious or semi-precious stones; gold, silver, or other precious metals; or items consisting primarily of precious metals; or
- c. Stamps, tickets (including lottery tickets held for sale), or letters of credit.

- 10. **Land, Water, Or Cost Of Excavation** — "We" do not cover:

- a. Land, including land on which the covered property is located;
- b. Underground or surface water; or
- c. Cost of excavations, grading, or filling.

- 11. **Money And Securities** — "We" do not cover accounts, bills, currency, food stamps, or other evidences of debt, money, notes, or securities.

- 12. **Property Of Others** — "We" do not cover property of others for which "you" are responsible as:

- a. A carrier for hire; or
- b. An arranger of transportation. This includes carloaders, consolidators, brokers, freight forwarders, or shipping associations.

- 13. **Property You Have Sold** — "We" do not cover property that "you" have sold after it has been delivered. This does not include property "you" have sold under an installation agreement.

COVERAGE EXTENSIONS

Provisions That Apply To Coverage Extensions — The following Coverage Extensions indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Coverage Extension within this coverage form, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage including a Coverage Extension or Supplemental Coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following coverage extensions are not subject to and not considered in applying coinsurance conditions.

1. Debris Removal —

- a. **Coverage** — "We" pay the cost to remove the debris of covered property that is caused by a covered peril.
- b. **We Do Not Cover** — This coverage does not include costs to:
 - 1) Extract "pollutants" from land or water; or
 - 2) Remove, restore, or replace polluted land or water.
- c. **Limit** — "We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.
- d. **Additional Limit** — "We" pay up to an additional \$5,000 for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.
- e. **You Must Report Your Expenses** — "We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

2. Emergency Removal —

- a. **Coverage** — "We" cover any direct physical loss to covered property while it is being moved or being stored to prevent a loss caused by a covered peril.
- b. **Time Limitation** — This coverage applies for up to ten days after the property is first moved. Also, this coverage does not extend past the date on which this policy expires.

3. Limited Fungus Coverage —

- a. **Coverage** — "We" pay for direct physical loss to covered property caused by or relating to the existence of or any activity of "fungus".
- b. **Coverage Limitation** — "We" only cover loss caused by "fungus":

1) When the "fungus" is the result of:

- a) A "named peril" other than fire or lightning; or
- b) "Flood" (if Flood Coverage is provided under this policy);

that occurs during the policy period; and

2) If all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.

- c. **Limit** — The most "we" pay for all losses at all "covered locations" is \$15,000, unless another "limit" is indicated on the "schedule of coverages". The Limited Fungus Limit applies regardless of the number of claims made.

The Limited Fungus Limit applies regardless of the number of buildings or structures, or locations insured under this policy.

The Limited Fungus Limit is the most that "we" pay for the total of all loss or damage arising out of all occurrences of "named perils", other than fire or lightning, or "flood" (if applicable) during each separate 12-month period beginning with the inception date of this policy.

- d. **If The Policy Period Is Extended** — If the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding period for the purpose of determining the Limited Fungus Limit.

- e. **Recurrence And Continuation Of Fungus —** The Limited Fungus Limit is the most that "we" pay with respect to a specific occurrence of a loss that results in "fungus" even if such "fungus" recurs or continues to exist during this or any future policy period.
- f. **Limit Applies To Other Costs Or Expenses —** The Limited Fungus Limit also applies to any cost or expense to:
- 1) Clean up, contain, treat, detoxify, or neutralize "fungus" on covered property or remove "fungus" from covered property;
 - 2) Remove and replace those parts of covered property necessary to gain access to "fungus"; and
 - 3) Test for the existence or level of "fungus" following the repair, replacement, restoration, or removal of damaged property if it is reasonable to believe that "fungus" is present.
- g. **Loss Not Caused By Fungus —** If there is a covered loss or damage to covered property not caused by "fungus", loss payment will not be limited by the "terms" of this coverage extension. However, to the extent that "fungus" causes an increase in the loss, that increase is subject to the "terms" of this coverage extension.

SUPPLEMENTAL COVERAGES

Provisions That Apply To Supplemental Coverages — The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage within this coverage form, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

The "limit" available for coverage described under a Supplemental Coverage:

- a. Is the only "limit" available for the described coverage; and
- b. Is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined or added to the "limit" for any other Supplemental Coverage or Coverage Extension including a Supplemental Coverage or Coverage Extension that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following supplemental coverages are not subject to and not considered in applying coinsurance conditions.

1. Foundations Of Buildings, Pilings, And Underground Pipes —

- a. **Coverage —** "We" cover direct physical loss caused by a covered peril to:
 - 1) Foundations of buildings, structures, machinery, or boilers if their foundations are below:
 - a) The lowest basement floor; or
 - b) The surface of the ground, if there is no basement;
 - 2) Pilings, piers, wharves, docks, or retaining walls; and
 - 3) Underground pipes, flues, or drains.
- b. **Limit —** The most "we" pay in any one occurrence for loss at any one "covered location" under this Supplemental Coverage is \$100,000.

2. Newly Acquired Buildings —

- a. **Coverage —** "We" cover direct physical loss caused by a covered peril to additional buildings or structures "you" build or acquire during the policy period.
- b. **Time Limitation —** "We" extend coverage to the additional buildings or structures that "you" build or acquire for up to 90 days.

This supplemental coverage will end when any of the following first occur:

- 1) This policy expires;
 - 2) 90 days after "you" build or acquire the additional buildings or structures; or
 - 3) "You" report the additional buildings or structures to "us".
- c. **Additional Premium** — "You" must pay any additional premium due from the date "you" build or acquire the additional buildings or structures.
- d. **Limit** — The most that "we" pay in any one occurrence for any loss under this Supplemental Coverage is the lesser of the:
- 1) Value of covered property as indicated on the "schedule of coverages" and described in the Valuation section of this coverage part; or
 - 2) \$100,000.
3. **Ordinance Or Law (Undamaged Parts Of A Building)** —
- a. **Coverage** — When a covered peril occurs to a covered building or structure, "we" pay for the value of undamaged parts of a covered building or structure that is required to be demolished as a result of the enforcement of any ordinance, law, or decree that:
- 1) Requires the demolition of undamaged parts of a covered building or structure that is damaged or destroyed by a covered peril;
 - 2) Regulates the construction or repair of a building or structure, or establishes building, zoning, or land use requirements at a "covered location"; and
 - 3) Is in force at the time of loss.
- b. **We Do Not Cover** — "We" do not cover:
- 1) The costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants";
 - 2) Loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation or razing of property due to the existence of or any activity of "fungus"; or
 - 3) Costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "fungus".
- c. **Coverage Limitation** — This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.
4. **Ordinance Or Law (Increased Cost To Repair And Cost To Demolish/Clear Site)** —
- a. **Increased Cost To Repair** —
- 1) **Coverage** — When a covered peril occurs to a covered building or structure, "we" cover the increased cost to repair, rebuild, or reconstruct:
 - a) Damaged portions of a covered building or structure; and
 - b) Undamaged portions of a covered building or structure whether or not those undamaged portions need to be demolished

as a result of the enforcement of building, zoning, or land use ordinance, law, or decree and is in force at the time when a covered peril occurs to a covered building or structure.
 - 2) **If The Building Is Repaired Or Rebuilt** — If a covered building or structure is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.
 - 3) **Coverage Limitation** — "We" do not cover the increased cost of construction until the covered building or structure is actually repaired or replaced, whether at the same or another "covered location", and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years. The period for repair or replacement may be extended by "us" in writing during the two-year period.

b. **Cost To Demolish And Clear Site** — “We” cover the cost to demolish and clear the site of undamaged parts of the covered building or structure that is damaged or destroyed by a covered peril. The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is in force at the time when a covered peril occurs to a covered building or structure.

c. **We Do Not Cover** — “We” do not cover:

1) The costs associated with the enforcement of any ordinance, law, or decree:

a) That requires “you” or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of “pollutants”;

b) That requires “you” or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of “fungus”; or

c) “You” were required to comply with before the covered peril occurred to a covered building or structure, even if the building or structure was undamaged and “you” failed to comply with the ordinance, law, or decree; or

2) Loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation or razing of property due to the existence of or any activity of “fungus”.

d. **What We Pay** —

1) **If The Building Is Repaired Or Replaced At Same Site Or Opt To Build At Another Site** — If the covered building or structure is repaired or replaced at the same “covered location”, or “you” opt to build at another location, “we” pay the lesser of:

a) The amount “you” actually spend to demolish and clear the site of undamaged parts of the covered building or structure, plus the actual increased cost to repair, rebuild, or construct the property, but not for more than a building or structure of the same height, floor area, and style at the same “covered location”; or

b) \$100,000.

2) **If The Building Is Repaired Or Replaced And Required To Relocate** — If the covered building or structure is rebuilt at a new “covered location” due to an ordinance or law requirement, “we” pay the lesser of:

a) The amount “you” actually spend to demolish and clear the site of undamaged parts of the covered building or structure, plus the actual increased cost to construct a building or structure of the same height, floor area, and style at a new “covered location”; or

b) \$100,000.

3) **If The Building Is Not Repaired Or Replaced** — If the covered building or structure is not repaired or replaced, “we” pay the lesser of:

a) The amount “you” actually spend to demolish and clear the site of undamaged parts of the covered building or structure; or

b) \$100,000.

5. Personal Property - Acquired Locations —

a. **Coverage** — “We” cover direct physical loss caused by a covered peril to “your” business personal property at locations that “you” acquire during the policy period.

b. **We Do Not Cover** — “We” do not cover personal property at fairs or exhibitions.

c. **Time Limitation** — “We” extend coverage to business personal property at locations “you” acquire for up to 90 days.

This supplemental coverage will end when any of the following first occur:

1) This policy expires;

2) 90 days after “you” acquire the location; or

3) “You” report the acquired location to “us”.

d. **Additional Premium** — “You” must pay any additional premium due from the date “you” acquire the location.

e. **Limit** — The most that “we” pay in any one occurrence for any loss under this supplemental coverage is the lesser of the:

- 1) Value of covered property as indicated on the "schedule of coverages" and described in the Valuation section of this coverage part; or
- 2) \$100,000.

6. Pollutant Cleanup And Removal —

- a. **Coverage** — "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period.
- b. **Time Limitation** — The expenses to extract "pollutants" are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.
- c. **We Do Not Cover** — "We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants".

However, "we" pay the cost of testing that is necessary for the extraction of "pollutants" from land or water.
- d. **Limit** — The most "we" pay for each location is \$25,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12-month period of this policy.

7. Property in Transit —

- a. **Coverage** — "We" cover direct physical loss caused by a covered peril to covered business personal property (other than property in the care, custody, or control of "your" sales representatives) while in transit.
- b. **Limit** — The most "we" pay in any one occurrence for personal property in transit is \$50,000. This "limit" applies regardless if the loss involves one or more vehicles, conveyances, containers, trailers, or any combination of these.
- c. **1,000 Feet Restriction Does Not Apply** — Coverage under this Supplemental Coverage is not restricted to buildings or structures at "covered locations" or within 1,000 feet of "covered locations".

PERILS COVERED

1. DIC Coverage — If DIC Coverage is indicated on the "schedule of coverages":

- a. **Coverage** — Unless a loss is limited or caused by a peril that is excluded, "we" cover risks of direct physical loss subject to the provisions and limitations described below.
- b. **We Do Not Cover Named Perils** — Except as described in Coverage Extensions - Limited Fungus Coverage, "we" do not cover loss caused by or resulting from a "named peril".

2. DIC Coverage Excluding Property Perils — If DIC Coverage Excluding Property Perils is indicated on the "schedule of coverages":

- a. **Coverage** — Unless a loss is limited or caused by a peril that is excluded, "we" cover risks of direct physical loss subject to the provisions, exclusions, and limitations described below.
- b. **We Do Not Cover Perils Covered Under A Property Policy** — "We" do not cover loss caused by or resulting from a peril that is covered by the property policy described in the "schedule of coverages". "We" do not pay for loss caused by a peril that is covered by the property policy whether "your" loss is collectable or not under the policy.
- c. **Excess Earthquake And Flood Coverage —**

1) Coverage —

- a) **Property Policy** — If Earthquake and/or Flood Excess Coverage is indicated on the "schedule of coverages", "we" will pay the amount of loss in excess of the "limit" provided under the property policy for loss caused by earthquake and/or "flood". "We" only pay up to the "limit" under "our" policy for loss in excess of the property policy.

b) **National Flood Insurance Program** — If Flood Excess Coverage is indicated on the "schedule of coverages", "we" will pay the amount of loss in excess of the "limit" provided under the named National Flood Insurance Program policy for loss caused by "flood". "We" only pay up to the "limit" under "our" policy for loss in excess of the National Flood Insurance Program policy.

2) **No Drop Down Coverage** — "We" will not drop down from "our" excess coverage position to pay for any amount of a loss that "you" cannot collect under the property policy or National Flood Insurance Program policy.

PERILS EXCLUDED

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

a. **Civil Authority** — "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

"We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

b. **Earth Movement** — Except to the extent earthquake coverage may be provided under this policy, "we" do not pay for loss caused by any "earth movement".

This exclusion does not apply to covered property while in transit.

c. **Flood** — Except to the extent "flood" coverage may be provided under this policy, "we" do not pay for loss caused by "flood".

This exclusion does not apply to covered property while in transit.

d. **Fungus** — Except as provided under Coverage Extensions — Limited Fungus Coverage, "we" do not pay for loss, cost, or expense caused by or relating to the existence of or any activity of "fungus".

This exclusion does not apply to:

1) Collapse caused by hidden decay; or

2) Covered property while in transit.

e. **Nuclear Hazard** — "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.

f. **Ordinance Or Law** — Except as provided under Supplemental Coverages - Ordinance Or Law, "we" do not pay for loss or increased cost caused by enforcement of any code, ordinance, or law regulating the use, construction, or repair of any building or structure; or requiring the demolition of any building or structure including the cost of removing its debris.

"We" do not pay for loss regardless if the loss is caused by or results from the:

1) Enforcement of any code, ordinance, or law even if a building or structure has not been damaged; or

2) Increased costs that "you" incur because of "your" compliance with a code, ordinance, or law during the construction, repair, rehabilitation, remodeling, or razing of a building or structure, including the removal of debris, following a direct physical loss to the property.

g. **Utility Failure** — "We" do not pay for loss caused by interruption of power or other utility services resulting from any cause if the interruption takes place away from the "covered locations". Interruption includes reduced or increased voltage, low or high pressure, or other interruptions of normal services.

"We" do cover the direct loss by a covered peril that occurs at "covered locations" as a result of any power interruption.

h. **War And Military Action** — "We" do not pay for loss caused by:

1) War, including undeclared war or civil war; or

- 2) A warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- 3) Insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War And Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following:

- a. **Animal Nesting, Infestation, Or Discharge** — "We" do not pay for loss caused by nesting, infestation, discharge, or release of waste products or secretions by animals, including but not limited to, birds, insects, or vermin.

But if nesting, infestation, discharge, or release of waste products or secretions by animals results in breakage of building glass, "we" cover the loss or damage caused by that breakage of building glass.

- b. **Collapse** — "We" do not pay for loss caused by collapse, except as provided under Other Coverages - Collapse.

But if collapse results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

- c. **Contamination Or Deterioration** — "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, rust, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself.

But if contamination or deterioration results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

- d. **Criminal, Fraudulent, Dishonest, Or Illegal Acts** — "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:

- 1) "You";
- 2) Others who have an interest in the property;
- 3) Others to whom "you" entrust the property;
- 4) "Your" partners, officers, directors, trustees, joint venturers, or "your" members or managers if "you" are a limited liability company; or
- 5) The employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- e. **Defects, Errors, And Omissions** — "We" do not pay for loss which results from one or more of the following:

- 1) An act, error, or omission (negligent or not) relating to:
 - a) Land use;
 - b) The design, specification, construction, workmanship, installation, or maintenance of property;
 - c) Planning, zoning, development, siting, surveying, grading, or compaction; or
 - d) Maintenance of property (including land, structures, or improvements);
 whether on or off a "covered location";
- 2) A defect, weakness, inadequacy, fault, or unsoundness in materials used in construction or repair, whether on or off the "covered locations";
- 3) The cost to make good an error in design; or
- 4) A data processing error or omission in programming or giving improper instructions.

In addition, "we" do not pay for loss to business personal property caused by deficiencies or defects in design, specifications, materials, or workmanship, or caused by latent or inherent defects.

"We" do cover any resulting loss caused by a covered peril unless the resulting loss itself is excluded.

- f. **Electrical Currents** — “We” do not pay for loss caused by arcing or by electrical currents.

But if arcing or electrical currents result in a covered peril, “we” do cover the loss or damage caused by that covered peril.

- g. **Explosion, Rupture, Or Bursting** — “We” do not pay for loss caused by explosion, rupture, or bursting of steam boilers, steam or gas turbines, steam pipes, or steam engines. This exclusion applies only to loss or damage to the steam boilers, steam or gas turbines, steam pipes, or steam engines in which the loss occurred.

- h. **Freezing** — “We” do not pay for loss caused by water; other liquids; powder; or molten material that leaks or flows from plumbing, heating, air-conditioning systems, or appliances other than fire protective systems caused by freezing. This does not apply if “you” use reasonable care to maintain heat in the building or structure; or “you” drain the equipment and turn off the supply if the heat is not maintained.

- i. **Increased Hazard** — “We” do not pay for loss occurring while the hazard has been materially increased by any means within “your” knowledge or “your” control.

- j. **Loss Of Use** — “We” do not pay for loss caused by or resulting from loss of use, delay, or loss of market.

- k. **Mechanical Breakdown** — “We” do not pay for loss caused by mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force.

But if a mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force results in a covered peril, “we” do cover the loss or damage caused by that covered peril.

- l. **Missing Property** — “We” do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- m. **Named Perils** — Except as described in Coverage Extensions - Limited Fungus Coverage, “we” do not pay for loss caused by a “named peril”.

- n. **Pollutants** — “We” do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of “pollutants”:

1) Unless the release, discharge, seepage, migration, dispersal, or escape is caused by a “named peril”; or

2) Except as specifically provided under the Supplemental Coverages - Pollutant Cleanup And Removal.

- o. **Seepage** — “We” do not pay for loss caused by continuous or repeated seepage or leakage of water or steam that occurs over a period of 14 days or more.

- p. **Settling, Cracking, Shrinking, Bulging, Or Expanding** — “We” do not pay for loss caused by settling, cracking, shrinking, bulging, or expanding of pavements, footings, foundations, walls, ceilings, or roofs.

“We” do cover any resulting loss caused by breakage of building glass.

- q. **Smog, Smoke, Vapor, Or Gas** — “We” do not pay for loss caused by smog, smoke, vapor, or gas from agricultural smudging or industrial operations.

- r. **Temperature/Humidity** — “We” do not pay for loss caused by dryness, dampness, humidity, or changes in or extremes of temperature.

But if dryness, dampness, humidity, or changes in or extremes of temperature results in a covered peril, “we” do cover the loss or damage caused by that covered peril.

- s. **Voluntary Parting** — “We” do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.

- t. **Wear And Tear** — “We” do not pay for loss caused by wear and tear, marring, or scratching.

But if wear and tear, marring, or scratching results in a covered peril, “we” do cover the loss or damage caused by that covered peril.

ADDITIONAL PROPERTY NOT COVERED OR SUBJECT TO LIMITATIONS

1. **Boilers** — “We” do not cover loss to steam boilers, steam pipes, steam turbines, or steam engines caused by any condition or occurrence within such equipment.

“We” do not cover loss to hot water boilers or heaters caused by any condition or occurrence within such equipment. This exclusion includes bursting, cracking, or rupturing.

2. **Earthquake** — “We” do not pay for loss caused by earthquake that begins before the inception date of this coverage.

3. **Glassware/Fragile Articles** — “We” do not cover breakage of fragile articles such as glassware, statuary, porcelains, and bric-a-brac or breakage of building glass. This does not apply to glass that is a part of a building or structure, bottles or other containers held for sale, or lenses of photographic and scientific instruments.

4. **Gutters And Downspouts** — “We” do not cover loss to gutters and downspouts caused by the weight of ice, sleet, or snow.

5. **Interior Of Buildings** — “We” do not cover loss to the interior of buildings or structures or to personal property in the buildings or structures caused by rain, snow, sleet, ice, sand, or dust, unless:

- a. Entering through openings made by a “named peril”; or
- b. The loss is caused by the thawing of snow, sleet, or ice on the building or structure.

6. **Masonry Veneer** — “We” do not pay for loss to exterior masonry veneer (other than stucco) on wood frame walls caused by earthquake. The value of masonry veneer will not be included in the value of covered property or the amount of loss when applying the deductible that applies to earthquake.

However, “we” cover masonry veneer when:

- a. The “schedule of coverages” indicates that masonry veneer is covered; or
- b. Masonry veneer is less than 10% of the exterior wall area of a covered building or structure.

7. **Personal Property In The Open** — “We” do not cover loss to personal property in the open caused by rain, snow, ice, or sleet.

This exclusion does not apply to property in the custody of carriers for hire.

8. **Transferred Property** — “We” do not cover loss to property that has been transferred to a person or to a place away from the “covered locations” on the basis of unauthorized instructions.

OTHER COVERAGES

1. **Collapse** — “We” pay for loss caused by direct physical loss involving collapse as described in a., b., and c. below.

- a. **Coverage** — “We” pay for loss caused by direct physical loss involving collapse, as described below, of:

- 1) A building or structure;
- 2) Any part of a building or structure; or
- 3) Personal property inside a building or structure.

- b. **Coverage Limitation** — “We” only cover collapse if the collapse is caused by one or more of the following:

- 1) Hidden decay, unless “you” know of the presence of the decay prior to the collapse;
- 2) Hidden insect or vermin damage, unless “you” know of the damage prior to the collapse;
- 3) Weight of people or personal property;
- 4) Weight of rain that collects on a roof; or
- 5) Use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation.

However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a peril listed in 1) through 5) above, “we” will pay for the loss or damage even if the use of defective material or methods in construction, remodeling, or renovation, contributes to the collapse.

c. Collapse Means — Collapse means a sudden and unexpected falling in or caving in of a building or structure or any portion of a building or structure with the result that the building or portion of the building cannot be occupied for its intended purpose.

d. Not Considered In A State Of Collapse — The following are not considered to be in a state of collapse:

- 1) A building or structure that is standing or any portion of a building that is standing even if it displays evidence of bending, bulging, cracking, expansion, leaning, sagging, settling, or shrinkage;
- 2) A building or structure or any portion of a building structure in danger of falling in or caving; and
- 3) A portion of a building or structure that is standing even if it has separated from another portion of the building or structure.

2. Tearing Out And Replacing — When “we” cover buildings or structures and a loss caused by water, other liquids, powder, or molten material is covered, “we” also pay the cost of tearing out and replacing any part of the covered building or structure to repair damage to the system or appliance from which the water or other substance escapes.

“We” also pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage results in discharge of any substance from an automatic fire protection system; or is directly caused by freezing.

WHAT MUST BE DONE IN CASE OF LOSS

1. Notice — In case of a loss, “you” must:

- a. Give “us” or “our” agent prompt notice including a description of the property involved (“we” may request written notice); and
- b. Give notice to the police when the act that causes the loss is a crime.

2. You Must Protect Property — “You” must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss.

a. Payment Of Reasonable Costs — “We” do pay the reasonable costs incurred by “you” for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. “You” must keep an accurate record of such costs. “Our” payment of reasonable costs does not increase the “limit”.

b. We Do Not Pay — “We” do not pay for such repairs or emergency measures performed on property that has not been damaged by a peril insured against.

3. Proof Of Loss — “You” must send “us”, within 60 days after “our” request, a signed, sworn proof of loss. This must include the following information:

- a. The time, place, and circumstances of the loss;
- b. Other policies of insurance that may cover the loss;
- c. “Your” interest and the interests of all others in the property involved, including all mortgages and liens;
- d. Changes in title of the covered property during the policy period; and
- e. Estimates, specifications, inventories, and other reasonable information that “we” may require to settle the loss.

4. Examination — “You” must submit to examination under oath in matters connected with the loss as often as “we” reasonably request and give “us” sworn statements of the answers. If more than one person is examined, “we” have the right to examine and receive statements separately and not in the presence of others.

5. Records — “You” must produce records, including tax returns and bank microfilms of all canceled checks, relating to value, loss, and expense and permit copies and extracts to be made of them as often as “we” reasonably request.

6. Damaged Property — “You” must exhibit the damaged and undamaged property as often as “we” reasonably request and allow “us” to inspect or take samples of the property.

7. **Volunteer Payments** — “You” must not, except at “your” own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
8. **Abandonment** — “You” may not abandon the property to “us” without “our” written consent.
9. **Cooperation** — “You” must cooperate with “us” in performing all acts required by this policy.

VALUATION

1. **Actual Cash Value** — When actual cash value is shown on the “schedule of coverages” for covered property, the value of covered property will be based on the actual cash value at the time of the loss (with a deduction for depreciation), subject to items 3. through 6. under Valuation.
2. **Replacement Cost** — When replacement cost is shown on the “schedule of coverages” for covered property, the value of covered property will be based on the replacement cost without any deduction for depreciation, subject to items 3. through 6. under Valuation.
 - a. **Replacement Cost Limitation** — The replacement cost is limited to the cost of repair or replacement with similar materials and used for the same purpose. The payment will not exceed the amount “you” spend to repair or replace the damaged or destroyed property.
 - b. **Replacement Cost Does Not Apply Until Repair Or Replacement** — Replacement cost valuation does not apply until the damaged or destroyed property is repaired or replaced.
 - c. **Time Limitation** — “You” may make a claim for actual cash value before repair or replacement takes place, and later for the replacement cost if “you” notify “us” of “your” intent within 180 days after the loss.
3. **Loss To Parts** — The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.
4. **Merchandise Sold** — The value of merchandise that “you” have sold but not delivered will be based on the selling price less all discounts and unincurred expenses.
5. **Pair Or Set** — The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
6. **Tenant’s Improvements** — The value of tenant’s improvements losses will be based on the actual cash value if repaired or replaced at “your” expense within a reasonable time.
 - a. **If Not Repaired Or Replaced** — The value of tenant’s improvements losses will be based on a portion of “your” original cost if not repaired or replaced within a reasonable time. This portion is determined as follows:
 - 1) Divide the number of days from the date of the loss to the expiration date of the lease by the number of days from the date of installation to the expiration date of the lease; and
 - 2) Multiply the figure determined in 6.a.1) above by the original cost.
 - b. **If Your Lease Contains A Renewal Option** — If “your” lease contains a renewal option, the expiration of the lease in this procedure will be replaced by the expiration of the renewal option period.
 - c. **Losses That Are Not Covered** — Tenant’s improvements losses are not covered if repaired or replaced at another’s expense.

HOW MUCH WE PAY

1. **Insurable Interest** — “We” do not cover more than “your” insurable interest in any property.
2. **Deductible** — “We” pay only that part of “your” loss over the deductible amount stated on the “schedule of coverages” in any one occurrence.
 - a. **Flood And Earthquake Deductibles** — The “flood” deductible may be shown as a dollar amount. The earthquake deductible may be shown as either a dollar amount or a percentage. When indicated as a percentage, the deductible is that percentage of the value of the covered property at the time of the loss.

- b. **More Than One Deductible** — If more than one deductible is shown on the “schedule of coverages” and more than one deductible can apply to a loss, “we” pay only that part of “your” loss over the highest deductible amount indicated on the “schedule of coverages”.
3. **Earthquake Period** — All earthquakes that occur within a 168-hour period will be considered a single loss. This 168-hour period is not limited by the policy expiration.
4. **Loss Settlement Terms** —
- a. **We Pay The Lesser Of** — Subject to Paragraphs 1., 2., 3., 5., and 6. under How Much We Pay, “we” pay the lesser of:
- 1) The amount determined under Valuation;
 - 2) The cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
 - 3) The “limit” that applies to covered property:
 - a) The most “we” pay for loss in any one occurrence at a “covered location” is the “occurrence limit” indicated on the “schedule of coverages”.
 - b) The most “we” pay for loss at a “covered location” during a 12-month period is the “aggregate limit” indicated on the “schedule of coverages”.
- b. **Catastrophe Limit** — In no event will “we” pay more during a 12-month period than the “catastrophe limit” indicated on the “schedule of coverages” regardless if a loss involves one or more “covered locations”.
5. **Insurance Under More Than One Coverage** — If more than one coverage of this policy insures the same loss, “we” pay no more than the actual claim, loss, or damage sustained.
6. **Excess Insurance** — “You” may purchase insurance in excess of the amount(s) stated in the “schedule of coverages”. Such excess insurance will not be considered in the application of any pro rata or apportionment provision.

LOSS PAYMENT

1. Loss Payment Options —

- a. **Our Options** — In the event of loss covered by this coverage form, “we” have the following options:
- 1) Pay the value of the lost or damaged property;
 - 2) Pay the cost of repairing or replacing the lost or damaged property;
 - 3) Rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
 - 4) Take all or any part of the property at the agreed or appraised value.
- b. **Notice Of Our Intent To Rebuild, Repair, Or Replace** — “We” must give “you” notice of “our” intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

2. Your Losses —

- a. **Adjustment And Payment Of Loss** — “We” adjust all losses with “you”. Payment will be made to “you” unless another loss payee is named in the policy.
- b. **Conditions For Payment Of Loss** — An insured loss will be payable 30 days after:
- 1) A satisfactory proof of loss is received; and
 - 2) The amount of the loss has been established either by written agreement with “you” or the filing of an appraisal award with “us”.

3. Property Of Others —

- a. **Adjustment And Payment Of Loss To Property Of Others** — Losses to property of others may be adjusted with and paid to:
- 1) “You” on behalf of the owner; or
 - 2) The owner.

- b. **We Do Not Have To Pay You If We Pay The Owner** — If “we” pay the owner, “we” do not have to pay “you”. “We” may also choose to defend any suits brought by the owners at “our” expense.

OTHER CONDITIONS

1. **Appraisal** — If “you” and “we” do not agree on the amount of the loss or the actual cash value of covered property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser’s identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, “you” or “we” can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will then determine and state separately the amount of each loss.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to “us”, the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three, sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by “you” and “us”.

2. **Benefit To Others** — Insurance under this coverage will not directly or indirectly benefit anyone having custody of “your” property.
3. **Conformity With Statute** — When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
4. **Estates** — This provision applies only if the insured is an individual.
- a. **Your Death** — On “your” death, “we” cover the following as an insured:

- 1) The person who has custody of “your” property until a legal representative is qualified and appointed; or
- 2) “Your” legal representative.

This person or organization is an insured only with respect to property covered by this coverage.

- b. **Policy Period Is Not Extended** — This coverage does not extend past the policy period indicated on the declarations.

5. **Misrepresentation, Concealment, Or Fraud** — This coverage is void as to “you” and any other insured if, before or after a loss:

- a. “You” or any other insured have willfully concealed or misrepresented:

- 1) A material fact or circumstance that relates to this insurance or the subject thereof; or

- 2) “Your” interest herein.

- b. There has been fraud or false swearing by “you” or any other insured with regard to a matter that relates to this insurance or the subject thereof.

6. **Policy Period** — “We” pay for a covered loss that occurs during the policy period.

7. **Recoveries** — If “we” pay “you” for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:

- a. “You” must notify “us” promptly if “you” recover property or receive payment;
- b. “We” must notify “you” promptly if “we” recover property or receive payment;
- c. Any recovery expenses incurred by either are reimbursed first;
- d. “You” may keep the recovered property but “you” must refund to “us” the amount of the claim paid, or any lesser amount to which “we” agree; and
- e. If the claim paid is less than the agreed loss due to a deductible or other limiting “terms” of this policy, any recovery will be prorated between “you” and “us” based on “our” respective interest in the loss.

8. **Restoration Of Limits** — Except as indicated under Limited Fungus Coverage and subject to the "aggregate limit" and "catastrophe limit", a loss "we" pay under this coverage does not reduce the applicable "limits".

9. **Subrogation** — If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.

10. **Suit Against Us** — No one may bring a legal action against "us" under this coverage unless:

- a. All of the "terms" of this coverage have been complied with; and
- b. The suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.

11. **Territorial Limits** — "We" cover property while in the United States of America, its territories and possessions, Canada, and Puerto Rico.

12. **Carriers For Hire** — "You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the replacement cost or actual cash value of the covered property.

ADDITIONAL COVERAGE LIMITATIONS

Vacancy - Unoccupancy —

1. **When Vacant Or Unoccupied We Do Not Pay For** — "We" do not pay for loss caused by attempted theft; breakage of building glass; sprinkler leakage (unless "you" have protected the system against freezing); theft; vandalism; or water damage occurring while the building or structure has been:

- a. Vacant for more than 60 consecutive days; or

b. Unoccupied for more than:

- 1) 60 consecutive days; or
- 2) The usual or incidental unoccupancy period for the "covered locations",

whichever is longer.

2. **Reduction In Payment** — The amount "we" will pay for any loss that is not otherwise excluded will be reduced by 15%.

3. **Unoccupied Means** — Unoccupied means that the customary activities or operations at the "covered location" are suspended, but business personal property has not been removed. The building or structure will be considered vacant and not unoccupied when the occupants have moved, leaving the building or structure empty or containing only limited business personal property. Buildings or structures under construction are not considered vacant or unoccupied.

DEFINITIONS

1. "Aggregate limit" means the amount of coverage that applies to loss at each "covered location" during each separate 12-month period of this policy. This is limited to the expiration or anniversary date.

2. "Catastrophe limit" means the amount of coverage that applies to all losses at all "covered locations" during each separate 12-month period of this policy. This is limited to the expiration or anniversary date.

3. "Covered locations"

a. If Blanket Coverage is indicated on the "schedule of coverages", "covered locations" means any location or premises where "you" have buildings, structures, or business personal property covered under this coverage.

b. If Scheduled Locations Coverage and Refer To Locations Schedule is indicated on the "schedule of coverages", "covered locations" means buildings or structures described on the Location Schedule attached to this policy.

If Scheduled Locations Coverage and Schedule On File is indicated on the "schedule of coverages", "covered locations" means buildings or structures described on a schedule that "you" must submit to "us" and "we" keep on file. The schedule must contain a description of each building or structure to be covered and the value of each location.

4. "Earth movement" means:

- a. Earthquake;
- b. Landslide;
- c. Mine subsidence whether or not the non-natural mine is currently in use;
- d. Sinking, shifting, or rising of earth including, but not limited to, erosion, expansion, shrinking, freezing, thawing, improper soil compaction, and movement of water under the surface of the ground that cause cracking, settling, or shifting of foundations, buildings, or structures; or
- e. Eruption, explosion, or effusion of a volcano.

5. "Flood" means a general and temporary condition of partial or complete inundation of land that is normally dry resulting from:

- a. Overflow of inland or tidal waters, waves, tidal waves or tsunamis, or spray that results from any of these, all whether driven by wind or not;
- b. Unusual and rapid accumulation or runoff of surface waters from any source; or
- c. Mudslides or mudflows if caused by:
 - 1) Unusual and rapid accumulation or runoff of surface waters or waves; or
 - 2) Currents of water exceeding anticipated cyclical levels.

6. "Fungus" means:

- a. A "fungus", including but not limited to mildew and mold;
- b. A protist, including but not limited to algae and slime mold;
- c. Wet rot and dry rot;
- d. A bacterium; or

- e. A chemical, matter, or compound produced or released by a "fungus", a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.

7. "Limit" means the amount of coverage that applies.

8. "Named perils" means:

- a. Fire;
- b. Lightning;
- c. Explosion;
- d. Windstorm or hail;
- e. Smoke that causes sudden or accidental loss or damage;
- f. Aircraft, vehicles, or falling objects means physical contact with and loss or damage resulting from an aircraft, vehicle or falling object;
- g. Riot or civil commotion;
- h. Vandalism;
- i. Sprinkler leakage means leakage or discharge of water or other substance from an automatic sprinkler system;
- j. "Sinkhole collapse"; and
- k. "Volcanic action".

Falling objects does not include loss to business personal property in the open, to the interior of buildings or structures, or business personal property inside buildings or structures unless the exterior of the roof or walls are first damaged by a falling object.

9. "Occurrence limit" means the amount of coverage that applies to loss in any one occurrence at each "covered location".

10. "Pollutant" means:

- a. Any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
- b. Electrical or magnetic emissions, whether visible or invisible, and sound emissions.

11. "Schedule of coverages" means:

- a.** All pages labeled "schedule of coverages" or schedules which pertain to this coverage; and
- b.** Declarations or supplemental declarations which pertain to this coverage.

12. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.

13. "Terms" are all provisions, limitations, exclusions, conditions, and definitions that apply.

14. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow.

Volcanic action does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss to the covered property.

Previous Policy Number
S 2003458

Policy Number
S 2003458

COMMERCIAL CRIME COVERAGE DECLARATION

Policy Effective Date: DECEMBER 1, 2017

Coverage Effective Date: DECEMBER 1, 2017

Business of Named Insured: LESSORS RISK SHOPPIN

Insurance is provided only for those coverages which are shown in the following coverage schedule.

Coverage Schedule

Coverage Form	Coverage	Limit	Deductible
	COMPUTER FRAUD	\$10,000	\$500
	EMPLOYEE THEFT -BLANKET	\$100,000	\$500
	FORGERY OR ALTERATION	\$100,000	\$500
	INSIDE THE PREMISES-ROBBERY/SAFE BURG OTHER PROP	\$25,000	\$500
	INSIDE THE PREMISES-THEFT OF MONEY AND SECURITIES	\$25,000	\$500
	OUTSIDE THE PREMISES	\$25,000	\$500

Forms and Endorsements:

Refer to "Commercial Policy Forms and Endorsement Schedule"

Premium Amount

\$80.00

(This premium may be)
(subject to adjustemnt.)

COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)

CRIME AND FIDELITY
CR 00 21 05 06

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

A. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Declarations and applies to loss that you sustain resulting directly from an "occurrence" taking place during the Policy Period shown in the Declarations, except as provided in Condition E.1.k. or E.1.l., which is "discovered" by you during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period To Discover Loss Condition E.1.g.:

1. Employee Theft

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" shall also include forgery.

2. Forgery Or Alteration

- a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

- (1) Made or drawn by or drawn upon you; or
- (2) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

- b. If you are sued for refusing to pay any instrument covered in Paragraph 2.a., on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the Limit of Insurance applicable to this Insuring Agreement.

3. Inside The Premises — Theft Of Money And Securities

- a. We will pay for loss of "money" and "securities" inside the "premises" or "banking premises":

- (1) Resulting directly from "theft" committed by a person present inside such "premises" or "banking premises"; or
- (2) Resulting directly from disappearance or destruction.

- b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.

- c. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.

4. Inside The Premises — Robbery Or Safe Burglary Of Other Property

- a. We will pay for loss of or damage to "other property":

- (1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or

(2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".

- b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for damage to it.
- c. We will pay for loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

5. Outside The Premises

- a. We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.
- b. We will pay for loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

6. Computer Fraud

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

- a. To a person (other than a "messenger") outside those "premises"; or
- b. To a place outside those "premises".

7. Funds Transfer Fraud

We will pay for loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

8. Money Orders And Counterfeit Money

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

- a. Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- b. "Counterfeit money" that is acquired during the regular course of business.

B. Limit Of Insurance

The most we will pay for all loss resulting directly from an "occurrence" is the applicable Limit of Insurance shown in the Declarations.

If any loss is covered under more than one Insuring Agreement or Coverage, the most we will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or Coverages.

C. Deductible

We will not pay for loss resulting directly from an "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

D. Exclusions

1. This insurance does not cover:

a. Acts Committed By You, Your Partners Or Your Members

Loss resulting from "theft" or any other dishonest act committed by:

- (1) You; or
- (2) Any of your partners or "members";

whether acting alone or in collusion with other persons.

b. Acts Of Employees Learned Of By You Prior To The Policy Period

Loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this insurance and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the Policy Period shown in the Declarations.

c. Acts Of Employees, Managers, Directors, Trustees Or Representatives

Loss resulting from "theft" or any other dishonest act committed by any of your "employees", "managers", directors, trustees or authorized representatives:

- (1) Whether acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise;

except when covered under Insuring Agreement A.1.

d. Confidential Information

Loss resulting from:

- (1) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or
- (2) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

e. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

f. Indirect Loss

Loss that is an indirect result of an "occurrence" covered by this insurance including, but not limited to, loss resulting from:

- (1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property".
- (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.

- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

g. Legal Fees, Costs And Expenses

Fees, costs and expenses incurred by you which are related to any legal action, except when covered under Insuring Agreement A.2.

h. Nuclear Hazard

Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

i. Pollution

Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

j. War And Military Action

Loss or damage resulting from:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

2. Insuring Agreement A.1. does not cover:

a. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

b. Trading

Loss resulting from trading, whether in your name or in a genuine or fictitious account.

c. Warehouse Receipts

Loss resulting from the fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.

3. Insuring Agreements A.3., A.4. and A.5. do not cover:

a. Accounting Or Arithmetical Errors Or Omissions

Loss resulting from accounting or arithmetical errors or omissions.

b. Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

c. Fire

Loss or damage resulting from fire, however caused, except:

(1) Loss of or damage to "money" and "securities"; and

(2) Loss from damage to a safe or vault.

d. Money Operated Devices

Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

e. Motor Vehicles Or Equipment And Accessories

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

f. Transfer Or Surrender Of Property

(1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":

(a) On the basis of unauthorized instructions;

(b) As a result of a threat to do bodily harm to any person;

(c) As a result of a threat to do damage to any property;

(d) As a result of a threat to introduce a denial of service attack into your computer system;

(e) As a result of a threat to introduce a virus or other malicious instruction into your computer system which is designed to damage, destroy or corrupt data or computer programs stored within your computer system;

(f) As a result of a threat to contaminate, pollute or render substandard your products or goods; or

(g) As a result of a threat to disseminate, divulge or utilize:

(i) Your confidential information; or

(ii) Weaknesses in the source code within your computer system.

(2) But, this Exclusion does not apply under Insuring Agreement A.5. to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:

(a) Had no knowledge of any threat at the time the conveyance began; or

(b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g. Vandalism

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

h. Voluntary Parting Of Title To Or Possession Of Property

Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

4. Insuring Agreement A.6. does not cover:

a. Credit Card Transactions

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

b. Funds Transfer Fraud

Loss resulting from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

c. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(1) An inventory computation; or

(2) A profit and loss computation.

5. Insuring Agreement A.7. does not cover:

COMPUTER FRAUD

Loss resulting from the use of any computer to fraudulently cause a transfer of "money", "securities" or "other property".

E. Conditions

The following Conditions apply in addition to the Common Policy Conditions:

1. Conditions Applicable To All Insuring Agreements

a. Additional Premises Or Employees

If, while this insurance is in force, you establish any additional "premises" or hire additional "employees", other than through consolidation or merger with, or purchase or acquisition of assets or liabilities of, another entity, such "premises" and "employees" shall automatically be covered under this insurance. Notice to us of an increase in the number of "premises" or "employees" need not be given and no additional premium need be paid for the remainder of the Policy Period shown in the Declarations.

b. Concealment, Misrepresentation Or Fraud

This insurance is void in any case of fraud by you as it relates to this insurance at any time. It is also void if you or any other Insured, at any time, intentionally conceal or misrepresent a material fact concerning:

(1) This insurance;

(2) The property covered under this insurance;

(3) Your interest in the property covered under this insurance; or

(4) A claim under this insurance.

c. Consolidation — Merger Or Acquisition

If you consolidate or merge with, or purchase or acquire the assets or liabilities of, another entity:

(1) You must give us written notice as soon as possible and obtain our written consent to extend the coverage provided by this insurance to such consolidated or merged entity or such purchased or acquired assets or liabilities. We may condition our consent by requiring payment of an additional premium; but

- (2) For the first 90 days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, the coverage provided by this insurance shall apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all "occurrences" causing or contributing to a loss involving such consolidation, merger or purchase or acquisition of assets or liabilities, must take place after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities.

d. Cooperation

You must cooperate with us in all matters pertaining to this insurance as stated in its terms and conditions.

e. Duties In The Event Of Loss

After you "discover" a loss or a situation that may result in loss of or damage to "money", "securities" or "other property" you must:

- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreement A.1. or A.2.) involves a violation of law, you must also notify the local law enforcement authorities.
- (2) Submit to examination under oath at our request and give us a signed statement of your answers.
- (3) Produce for our examination all pertinent records.
- (4) Give us a detailed, sworn proof of loss within 120 days.
- (5) Cooperate with us in the investigation and settlement of any claim.

f. Employee Benefit Plans

- (1) The "employee benefit plans" shown in the Declarations (hereinafter referred to as Plan) are included as Insureds under Insuring Agreement A.1.

- (2) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for Insuring Agreement A.1. that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each Plan were separately insured.

- (3) With respect to loss sustained or "discovered" by any such Plan, Insuring Agreement A.1. is replaced by the following:

We will pay for loss of or damage to "funds" and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

- (4) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

- (5) If two or more Plans are insured under this insurance, any payment we make for loss:

(a) Sustained by two or more Plans;
or

(b) Of commingled "funds" or "other property" of two or more Plans;

resulting directly from an "occurrence" will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.

- (6) The Deductible Amount applicable to Insuring Agreement A.1. does not apply to loss sustained by any Plan.

g. Extended Period To Discover Loss

We will pay for loss that you sustained prior to the effective date of cancellation of this insurance, which is "discovered" by you:

- (1) No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
- (2) No later than 1 year from the date of that cancellation with regard to any "employee benefit plans".

h. Joint Insured

- (1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
- (2) If any Insured, or partner, "member" or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- (3) An "employee" of any Insured is considered to be an "employee" of every Insured.
- (4) If this insurance or any of its coverages is cancelled as to any Insured, loss sustained by that Insured is covered only if it is "discovered" by you:
 - (a) No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by that Insured, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

- (b) No later than 1 year from the date of that cancellation with regard to any "employee benefit plans".

- (5) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.
- (6) Payment by us to the first Named Insured for loss sustained by any Insured, other than an "employee benefit plan", shall fully release us on account of such loss.

i. Legal Action Against Us

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with all the terms of this insurance;
- (2) Until 90 days after you have filed proof of loss with us; and
- (3) Unless brought within 2 years from the date you "discovered" the loss.

If any limitation in this Condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

j. Liberalization

If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the Policy Period shown in the Declarations, the broadened coverage will immediately apply to this insurance.

k. Loss Sustained During Prior Insurance Issued By Us Or Any Affiliate

(1) Loss Sustained Partly During This Insurance And Partly During Prior Insurance

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place:

- (a) Partly during the Policy Period shown in the Declarations; and

- (b) Partly during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest;

and this insurance became effective at the time of cancellation of the prior insurance, we will first settle the amount of loss that you sustained during this Policy Period. We will then settle the remaining amount of loss that you sustained during the Policy Period(s) of the prior insurance.

(2) Loss Sustained Entirely During Prior Insurance

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place entirely during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest, we will pay for the loss, provided:

- (a) This insurance became effective at the time of cancellation of the prior insurance; and
- (b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".

We will first settle the amount of loss that you sustained during the most recent prior insurance. We will then settle any remaining amount of loss that you sustained during the Policy Period(s) of any other prior insurance.

(3) In settling loss subject to this Condition:

- (a) The most we will pay for the entire loss is the highest single Limit of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior insurance issued by us.

- (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under this insurance. If no loss was sustained under this insurance, we will apply the Deductible Amount shown in the Declarations to the amount of loss sustained under the most recent prior insurance.

If the Deductible Amount is larger than the amount of loss sustained under this insurance, or the most recent prior insurance, we will apply the remaining Deductible Amount to the remaining amount of loss sustained during the prior insurance.

We will not apply any other Deductible Amount that may have been applicable to the loss.

- (4) The following examples demonstrate how we will settle losses subject to this Condition E.1.k.:

EXAMPLE NO. 1:

The insured sustained a covered loss of \$10,000 resulting directly from an "occurrence" taking place during the terms of Policy A and Policy B.

POLICY A

The current policy. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

POLICY B

Issued prior to Policy A. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

The amount of loss sustained under Policy A is \$2,500 and under Policy B is \$7,500.

The highest single Limit of Insurance applicable to this entire loss is \$50,000 written under Policy A. The Policy A Deductible Amount of \$5,000 applies. The loss is settled as follows:

1. The amount of loss sustained under Policy **A** (\$2,500) is settled first. The amount we will pay is nil (\$0.00) because the amount of loss is less than the Deductible Amount (i.e., \$2,500 loss — \$5,000 deductible = \$0.00).
2. The remaining amount of loss sustained under Policy **B** (\$7,500) is settled next. The amount recoverable is \$5,000 after the remaining Deductible Amount from Policy **A** of \$2,500 is applied to the loss (i.e., \$7,500 loss — \$2,500 deductible = \$5,000).

The most we will pay for this loss is \$5,000.

EXAMPLE NO. 2:

The insured sustained a covered loss of \$250,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B**.

POLICY A

The current policy. Written at a Limit of Insurance of \$125,000 and a Deductible Amount of \$10,000.

POLICY B

Issued prior to Policy **A**. Written at a Limit of Insurance of \$150,000 and a Deductible Amount of \$25,000.

The amount of loss sustained under Policy **A** is \$175,000 and under Policy **B** is \$75,000.

The highest single Limit of Insurance applicable to this entire loss is \$150,000 written under Policy **B**. The Policy **A** Deductible Amount of \$10,000 applies. The loss is settled as follows:

1. The amount of loss sustained under Policy **A** (\$175,000) is settled first. The amount we will pay is the Policy **A** Limit of \$125,000 because \$175,000 loss — \$10,000 deductible = \$165,000 which is greater than the \$125,000 policy limit.

2. The remaining amount of loss sustained under Policy **B** (\$75,000) is settled next. The amount we will pay is \$25,000 (i.e., \$150,000 Policy **B** limit — \$125,000 paid under Policy **A** = \$25,000).

The most we will pay for this loss is \$150,000.

EXAMPLE NO. 3:

The insured sustained a covered loss of \$2,000,000 resulting directly from an "occurrence" taking place during the terms of Policies **A**, **B**, **C** and **D**.

POLICY A

The current policy. Written at a Limit of Insurance of \$1,000,000 and a Deductible Amount of \$100,000.

POLICY B

Issued prior to Policy **A**. Written at a Limit of Insurance of \$750,000 and a Deductible Amount of \$75,000.

POLICY C

Issued prior to Policy **B**. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

POLICY D

Issued prior to Policy **C**. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

The amount of loss sustained under Policy **A** is \$350,000, under Policy **B** is \$250,000, under Policy **C** is \$600,000 and under Policy **D** is \$800,000.

The highest single Limit of Insurance applicable to this entire loss is \$1,000,000 written under Policy **A**. The Policy **A** Deductible Amount of \$100,000 applies. The loss is settled as follows:

1. The amount of loss sustained under Policy **A** (\$350,000) is settled first. The amount we will pay is \$250,000 (i.e., \$350,000 loss — 100,000 deductible = \$250,000).

2. The amount of loss sustained under Policy **B** (\$250,000) is settled next. The amount we will pay is \$250,000 (no deductible is applied).
3. The amount of loss sustained under Policy **C** (\$600,000) is settled next. The amount we will pay is \$500,000, the policy limit (no deductible is applied).
4. We will not make any further payment under Policy **D** as the maximum amount payable under the highest single Limit of Insurance applying to the loss of \$1,000,000 under Policy **A** has been satisfied.

The most we will pay for this loss is \$1,000,000.

I. Loss Sustained During Prior Insurance Not Issued By Us Or Any Affiliate

- (1) If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place during the Policy Period of any prior cancelled insurance that was issued to you or a predecessor in interest by another company, and the period of time to discover loss under that insurance had expired, we will pay for the loss under this insurance, provided:
 - (a) This insurance became effective at the time of cancellation of the prior insurance; and
 - (b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".
- (2) In settling loss subject to this Condition:
 - (a) The most we will pay for the entire loss is the lesser of the Limits of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior cancelled insurance.

- (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under the prior cancelled insurance.

(3) The insurance provided under this Condition is subject to the following:

- (a) If loss covered under this Condition is also partially covered under Condition **E.1.k.**, the amount recoverable under this Condition is part of, not in addition to, the amount recoverable under Condition **E.1.k.**
- (b) For loss covered under this Condition that is not subject to Paragraph **(3)(a)**, the amount recoverable under this Condition is part of, not in addition to, the Limit of Insurance applicable to the loss covered under this insurance and is limited to the lesser of the amount recoverable under:
 - (i) This insurance as of its effective date; or
 - (ii) The prior cancelled insurance had it remained in effect.

m. Other Insurance

If other valid and collectible insurance is available to you for loss covered under this insurance, our obligations are limited as follows:

(1) Primary Insurance

When this insurance is written as primary insurance, and:

- (a) You have other insurance subject to the same terms and conditions as this insurance, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance shown in the Declarations bears to the total limit of all insurance covering the same loss.

(b) You have other insurance covering the same loss other than that described in Paragraph (1)(a), we will only pay for the amount of loss that exceeds:

(i) The Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not; or

(ii) The Deductible Amount shown in the Declarations;

whichever is greater. Our payment for loss is subject to the terms and conditions of this insurance.

(2) Excess Insurance

(a) When this insurance is written excess over other insurance, we will only pay for the amount of loss that exceeds the Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this insurance.

(b) However, if loss covered under this insurance is subject to a Deductible, we will reduce the Deductible Amount shown in the Declarations by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance.

n. Ownership Of Property; Interests Covered

The property covered under this insurance is limited to property:

(1) That you own or lease; or

(2) That you hold for others whether or not you are legally liable for the loss of such property.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this insurance must be presented by you.

o. Records

You must keep records of all property covered under this insurance so we can verify the amount of any loss.

p. Recoveries

(1) Any recoveries, whether effected before or after any payment under this insurance, whether made by us or you, shall be applied net of the expense of such recovery:

(a) First, to you in satisfaction of your covered loss in excess of the amount paid under this insurance;

(b) Second, to us in satisfaction of amounts paid in settlement of your claim;

(c) Third, to you in satisfaction of any Deductible Amount; and

(d) Fourth, to you in satisfaction of any loss not covered under this insurance.

(2) Recoveries do not include any recovery:

(a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or

(b) Of original "securities" after duplicates of them have been issued.

q. Territory

This insurance covers loss that you sustain resulting directly from an "occurrence" taking place within the United States of America (including its territories and possessions), Puerto Rico and Canada.

r. Transfer Of Your Rights Of Recovery Against Others To Us

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

s. Valuation — Settlement

(1) The value of any loss for purposes of coverage under this policy shall be determined as follows:

(a) Loss of "money" but only up to and including its face value. We will, at your option, pay for loss of "money" issued by any country other than the United States of America:

(i) At face value in the "money" issued by that country; or

(ii) In the United States of America dollar equivalent determined by the rate of exchange published in The Wall Street Journal on the day the loss was "discovered".

(b) Loss of "securities" but only up to and including their value at the close of business on the day the loss was "discovered". We may, at our option:

(i) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(ii) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

i. Market value of the "securities" at the close of business on the day the loss was "discovered"; or

ii. The Limit of Insurance applicable to the "securities".

(c) Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

(i) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;

(ii) The amount you actually spend that is necessary to repair or replace the lost or damaged property; or

(iii) The Limit of Insurance applicable to the lost or damaged property.

With regard to Paragraphs s.(1)(c)(i) through s.(1)(c)(iii), we will not pay on a replacement cost basis for any loss or damage:

i. Until the lost or damaged property is actually repaired or replaced; and

ii. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

(2) We will, at your option, settle loss or damage to property other than "money":

(a) In the "money" of the country in which the loss or damage occurred; or

(b) In the United States of America dollar equivalent of the "money" of the country in which the loss or damage occurred determined by the rate of exchange published in The Wall Street Journal on the day the loss was "discovered".

- (3) Any property that we pay for or replace becomes our property.

2. Conditions Applicable To Insuring Agreement A.1.

a. Termination As To Any Employee

This Insuring Agreement terminates as to any "employee":

(1) As soon as:

(a) You; or

(b) Any of your partners, "members", "managers", officers, directors, or trustees not in collusion with the "employee";

learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

(2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

b. Territory

We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory Condition E.1.q. for a period of not more than 90 consecutive days.

3. Conditions Applicable To Insuring Agreement A.2.

a. Deductible Amount

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement A.2.

b. Electronic And Mechanical Signatures

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

c. Proof Of Loss

You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

d. Territory

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition E.1.q. does not apply to Insuring Agreement A.2.

4. Conditions Applicable To Insuring Agreements A.4. And A.5.

a. Armored Motor Vehicle Companies

Under Insuring Agreement A.5., we will only pay for the amount of loss you cannot recover:

(1) Under your contract with the armored motor vehicle company; and

(2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

b. Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to:

(1) Precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or

(2) Manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

5. Conditions Applicable To Insuring Agreement A.6.

a. Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

b. Territory

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition E.1.q. does not apply to Insuring Agreement A.6.

F. Definitions

1. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
3. "Custodian" means you, or any of your partners or "members", or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.
4. "Discover" or "discovered" means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this insurance has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

"Discover" or "discovered" also means the time when you first receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this insurance

5. "Employee":

a. "Employee" means:

(1) Any natural person:

- (a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";
- (b) Who you compensate directly by salary, wages or commissions; and
- (c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

- (a) To substitute for a permanent "employee" as defined in Paragraph a.(1), who is on leave; or

- (b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph a.(2);

(4) Any natural person who is:

- (a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; and

- (b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

(7) Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or

(8) Any of your "managers", directors or trustees while:

(a) Performing acts within the scope of the usual duties of an "employee"; or

(b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

b. "Employee" does not mean:

Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph 5.a.

6. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

7. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

8. "Fraudulent instruction" means:

a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;

b. A written instruction (other than those described in Insuring Agreement A.2.) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or

c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.

9. "Funds" means "money" and "securities".

10. "Manager" means a person serving in a directorial capacity for a limited liability company.

11. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

12. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".

13. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

14. "Occurrence" means:

a. Under Insuring Agreement A.1.:

(1) An individual act;

(2) The combined total of all separate acts whether or not related; or

(3) A series of acts whether or not related;

committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, except as provided under Condition E.1.k. or E.1.l.

b. Under Insuring Agreement A.2.:

(1) An individual act;

(2) The combined total of all separate acts whether or not related; or

(3) A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**

c. Under All Other Insuring Agreements:

(1) An individual act or event;

(2) The combined total of all separate acts or events whether or not related; or

(3) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**

15. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.

16. "Premises" means the interior of that portion of any building you occupy in conducting your business.

17. "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:

a. Caused or threatened to cause that person bodily harm; or

b. Committed an obviously unlawful act witnessed by that person.

18. "Safe burglary" means the unlawful taking of:

a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or

b. A safe or vault from inside the "premises".

19. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

20. "Theft" means the unlawful taking of property to the deprivation of the Insured.

21. "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "funds":

a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or

b. By means of written instructions (other than those described in Insuring Agreement **A.2.**) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

22. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

NORTH CAROLINA CHANGES — LEGAL ACTION AGAINST US

COMMERCIAL CRIME
CR 01 01 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

- A. Under the Commercial Crime Coverage Form and Government Crime Coverage Form, the **Legal Action Against Us** Condition is replaced by the following:

LEGAL ACTION AGAINST US

You may not bring any legal action against us involving loss:

1. Unless you have complied with all the terms of this insurance;
2. Until 90 days after you have filed proof of loss with us; and
3. Unless brought within 3 years from the date you discover the loss.

- B. Under the Kidnap/Ransom And Extortion Coverage Form, the **Legal Action Against Us** Condition is replaced by the following:

LEGAL ACTION AGAINST US

You may not bring any legal action against us involving loss:

1. Unless you have complied with all terms of this insurance;
2. Until 90 days after you have filed proof of loss with us; and
3. Unless brought within 3 years from the date you reported the loss to us.

NORTH CAROLINA CHANGES

COMMERCIAL CRIME
CR 02 35 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

Paragraphs **A.** and **B.** below apply only to the Commercial Crime Policy and Government Crime Policy.

A. Paragraph **(2)** of the **Cancellation Of Policy** Condition is replaced by the following:

(2) Cancellation Requirements

(a) Policies In Effect Less Than 60 Days

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (ii) 30 days before the effective date of cancellation if we cancel for any other reason.

(b) Policies In Effect More Than 60 Days

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

- (i) Expiration of the policy term; or
- (ii) Anniversary date;

stated in the policy only for one or more of the following reasons:

- i. Nonpayment of premium;
- ii. An act or omission by the Insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;

iii. Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;

iv. Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;

v. A fraudulent act against us by the Insured or his or her representative that materially affects the insurability of the risk;

vi. Willful failure by the Insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

vii. Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

viii. Conviction of the Insured of a crime arising out of acts that materially affect the insurability of the risk; or

ix. A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

(i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(ii) 30 days before the effective date of cancellation if we cancel for any other reason.

- (c) Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.
- (d) We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

B. The following is added and supersedes any other provision to the contrary:

1. Nonrenewal

- a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:
 - (1) Expiration of the policy if this policy has been written for one year or less; or
 - (2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.
- b. We need not mail or deliver the notice of nonrenewal if you have:
 - (1) Insured property covered under this policy, under any other insurance policy;
 - (2) Accepted replacement coverage; or
 - (3) Requested or agreed to nonrenewal of this policy.
- c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal will:

- a. Be mailed or delivered to the first Named Insured and any designated loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and
- b. State the reason or reasons for cancellation or nonrenewal.

C. Under the Commercial Crime Policy, Government Crime Policy and Employee Theft And Forgery Policy, the **Legal Action Against Us** Condition is replaced by the following:

LEGAL ACTION AGAINST US

You may not bring any legal action against us involving loss:

- 1. Unless you have complied with all the terms of this policy;
- 2. Until 90 days after you have filed proof of loss with us; and
- 3. Unless brought within 3 years from the date you discover the loss.

D. Under the Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us** Condition is replaced by the following:

LEGAL ACTION AGAINST US

You may not bring any legal action against us involving loss:

- 1. Unless you have complied with all the terms of this policy;
- 2. Until 90 days after you have filed proof of loss with us; and
- 3. Unless brought within 3 years from the date you reported the loss to us.

ERISA-INFLATION GUARD

COMMERCIAL CRIME
CR 70 36 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY

If at the inception of this policy you have a Limit of Insurance for your "employee benefit plan(s)" that is equal to or greater than that required by ERISA, we agree to automatically increase that Limit of Insurance, to equal the amount required by ERISA at the time you incur the loss, subject to the Other Insurance condition contained in the coverage form. However, in no event shall the overall Limit of Insurance, including the insurance provided by this increase endorsement, exceed the statutory maximum Limit of Insurance required by ERISA for any plan.

COMPUTER FRAUD ADDITIONAL EXCLUSIONS

CRIME AND FIDELITY
CR 79 13 01 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY

DOCUMENT GENERATION

Loss resulting from the use of a computer to generate counterfeit, misleading or other documents used to facilitate or aid in fraudulently causing a transfer of "money", "securities" or "other property".

PHISHING

Loss resulting from the use of information obtained from an insured by deception, through the use or aid of a computer.

Lessors Risk Crime ElitePac® Endorsement

CRIME AND FIDELITY
CR 79 26 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

The Crime Coverage Form made a part of this policy is amended as follows:

- A.** Coverage is provided only for the following Insuring Agreements:
1. Employee Theft with a limit of \$100,000 or the limit shown in the Declarations.
 2. Forgery Or Alteration with a limit of \$100,000 or the limit shown in the Declarations.
 3. Inside The Premises - Theft of Money and Securities with a limit of \$25,000 or the limit shown in the Declarations.
 4. Inside The Premises - Robbery Or Safe Burglary Of Other Property with a limit of \$25,000 or the limit shown in the Declarations.
 5. Outside The Premises with a limit of \$25,000 or the limit shown in the Declarations.
 6. Computer Fraud with a limit of \$10,000 or the limit shown in the Declarations.

- B.** Under Section **E. Conditions**, the first paragraph of the Employee Benefits Plans condition is deleted and replaced by the following:

(1) The "employee benefit plans" shown in the Declarations or that are wholly owned and operated by you for the sole benefit of your "employees" (hereafter referred to as Plan) are included as insureds under the Employee Theft Insuring Agreement.

- C.** Under Section **F. Definitions** of the Commercial Crime Coverage Form, the "employee benefits plan" definition is deleted and replaced by the following:

"Employee benefit plan" means any welfare or pension benefit plan:

- a. Shown in the Declarations that you sponsor; or
- b. That are wholly owned and operated by you for the sole benefit of your "employees"

and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

Previous Policy Number
S 2003458

Policy Number
S 2003458

SELECTIVE INSURANCE COMPANY OF SOUTH CAROLINA
3426 TORINGDON WAY, CHARLOTTE, NC 28277

DECLARATIONS - COMMERCIAL UMBRELLA LIABILITY COVERAGE

Item One - Name of Insured & Mailing Address SEE COMMERCIAL POLICY COMMON DECLARATION: IL-7025		Policy Period From: DECEMBER 1, 2017 To: DECEMBER 1, 2018 12:01 A.M., Standard Time At The Insured's Mailing Address.	
Producer: SEE COMMERCIAL POLICY COMMON DECLARATION: IL-7025		Producer Number: 00-07536-00000	
Named Insured is: LTD LIABILITY			
Business of the Named Insured: LESSORS RISK SHOPPIN			
Limits Of Insurance			
Occurrence Limit \$5,000,000.00		Aggregate Limit \$5,000,000.00	
Self Retained Limit: \$.00			
Schedule of Underlying Insurance and Limits			
Standard Employers Liability or Stop-Gap Employers Liability Policy		Policy No.	
Company			
Policy Period From: To:		Employers Liability Each Accident Disease Each Employee Disease Each Policy	
Commercial General Liability Policy		Policy No. S 200345806	
Company SELECTIVE INS CO OF SOUTH			
Policy Period From: DECEMBER 1, 2017 To: DECEMBER 1, 2018		General Aggregate \$3,000,000 Products-Completed Operations \$3,000,000 Personal and Advertising Injury Limit \$1,000,000 Each Occurrence Limit \$1,000,000	
Automobile Liability Policy		Policy No.	
Company			
Policy Period From: To:		Bodily Injury and Property Damage Combined Each Accident	
Premium Schedule:			
Estimated Exposure Base	Rate	Rate Per	Annual Minimum Premium Estimated Premium Due
In the event of cancellation by the Named Insured we will receive and retain not less than as the Policy Minimum Premium.			\$200.00
Forms and Endorsements: SEE FORMS AND ENDORSEMENT SCHEDULE: IL-7035			Estimated Total Premium \$3,825.00
DECEMBER 1, 2017 Issue Date		SOUTHERN REGION Issuing Office	
Authorized Representative			

COMMERCIAL UMBRELLA LIABILITY COVERAGE

COMMERCIAL UMBRELLA LIABILITY
CXL 4 04 03

Various provisions in this Coverage Part restrict coverage. Read the entire Coverage Part carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations and any other person or organization qualifying as a Named Insured under this Coverage Part. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under **SECTION II — WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning — refer to **SECTION V — DEFINITIONS**.

In return for the payment of the premium, and subject to all terms and conditions of this Coverage Part, we agree with you to provide the insurance as stated in this Coverage Part.

SECTION I — COVERAGES

A. Insuring Agreement

1. We will pay on behalf of the insured the "ultimate net loss" in excess of the "retained limit" that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages when the "underlying insurance" does not provide coverage or the limits of "underlying insurance" have been exhausted. When we have no duty to defend, we will have the right to defend, or to participate in the defense of, the insured against any other "suit" seeking damages to which this insurance may apply. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage" or "personal and advertising injury" to which this insurance does not apply. At our discretion, we may investigate any "occurrence" or offense that may involve this insurance and settle any resultant claim or "suit", for which we have the duty to defend. But:
 - a. The amount we will pay for the "ultimate net loss" is limited as described in **Section III — Limits of Insurance**; and

- b. Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgements or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **Section I — Coverages, C. Supplementary Payments**.

2. This insurance applies to "bodily injury", or "property damage" only if:
 - a. The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - b. The "bodily injury" or "property damage" occurs during the policy period; and
 - c. Prior to the policy period, no insured listed under Paragraph A. of **Section II — Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

CXL 4 04 03
Page 1 of 17

3. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph A. of **Section II — Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
4. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph A. of **Section II — Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - a. Reports all, or any part of the "bodily injury" or "property damage" to us or any other insurer;
 - b. Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
 - c. Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
5. Damages because of that "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".
6. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

B. Exclusions

This insurance does not apply to:

1. Aircraft or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, operation, use, including "loading or unloading" or entrustment to others of watercraft over 50 feet in length or any aircraft.

- a. Owned by any insured;
- b. Chartered without crew by or on behalf of any insured; or

- c. Owned and operated by any employee of an insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent; or
- (2) Liability assumed under any contract or agreement.

2. Contractual Liability

Any obligation or liability assumed by the insured under any contract or agreement.

This exclusion does not apply to the extent that coverage is provided for the insured by "underlying insurance".

3. Damage to Impaired Property or Property not Physically Injured

"Property damage" to "impaired property" or property that has not been physically destroyed or injured, arising out of;

- a. A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- b. A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

4. Damage to Property

"Property damage" to:

- a. Property
 - (1) You own including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property; or
 - (2) Owned or transported by the insured and arising out of the ownership, maintenance or use of a "covered auto".

- b. Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- c. That particular part of real property on which you or any other contractors or subcontractors, working directly or indirectly on your behalf, are performing operations, if the "property damage" arises out of those operations; or
- d. That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs c. and d. of this exclusion do not apply to the extent that coverage is provided for the insured by "underlying insurance".

5. Damage to Your Product

"Property damage" to "your product" arising out of it or any part of it.

6. Damage to Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

7. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

8. Employer's Liability

"Bodily injury" to:

- a. An employee of the insured arising out of and in the course of employment by the insured; or

- b. The spouse, child, parent, brother or sister of that employee as a consequence of a. above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to the extent that coverage is provided for the insured by "underlying insurance".

9. Employment-Related Practices

"Bodily injury" or "personal and advertising injury" to:

- a. A person arising out of any:
 - (1) Refusal to employ that person;
 - (2) Termination of that person's employment; or
 - (3) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- b. The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (1), (2) or (3) above is directed.

This exclusion applies whether the insured may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

10. E.R.I.S.A.

Any obligation of the insured under the Employers' Retirement Income Security Act and any amendments thereto or any similar federal, state or local statute.

11. Auto Coverages

Any loss, cost or expense payable under or resulting from any first party "bodily injury" or "property damage" coverage, automobile no-fault law, uninsured motorists or underinsured motorists law or any similar law.

12. Workers Compensation and Similar Laws

Any obligation of the insured under a workers compensation, unemployment compensation or disability benefits law, or under any similar law.

13. Liquor Liability

"Bodily injury", "property damage" or "personal and advertising injury" for which the insured may be held liable by reason of:

- a. Causing or contributing to the intoxication of any person;
- b. The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- c. Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion does not apply to the extent that coverage is provided for the insured by "underlying insurance". Coverage provided will follow the provisions, exclusions and limitations of the "underlying insurance" unless otherwise directed by this insurance.

14. Personal and Advertising Injury

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period. All "personal and advertising injury" arising out of publication of the same or similar material subsequent to the beginning of the policy period is also excluded.

d. Willful Violation Of Penal Statute Or Ordinance

"Personal and advertising injury" arising out of the willful violation of a penal statute or ordinance committed by or with the knowledge or consent of the insured.

e. Breach Of Contract

"Personal and advertising injury" arising out of breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

f. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

g. Quality Or Performance Of Goods — Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement in your "advertisement" of copyright, trade dress or slogan.

i. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web-sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 13.a., b. and c. of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself considered the business of advertising, broadcasting, publishing or telecasting.

j. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control.

k. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

15. Pollution

Any damages arising out of the "pollution hazard". But, this exclusion does not apply with respect to "pollution hazard" coverage provided in any "Underlying Insurance", except:

- a. Any "underlying insurance" "pollution hazard" coverage provided with "sub-limits"; or

- b. Any coverage provided in "underlying insurance" claims-made coverage for the "Pollution Hazard".

This exclusion applies whether or not the "Pollutant" has any function in your business, operations, premises, site or location.

16. Professional Services

"Bodily injury", "property damage" or "personal and advertising injury" due to rendering or failure to render any professional service. This includes but is not limited to:

- a. Legal, accounting or advertising services;
- b. Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- c. Supervisory, inspection or engineering services;
- d. Medical, surgical, dental, x-ray or nursing services treatment, advice or instruction;
- e. Any health or therapeutic treatment, advice or instruction;
- f. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- g. Optometry or optical or hearing aid services including the prescribing, preparation, fitting demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- h. Body piercing services;
- i. Professional health care services as a pharmacist;
- j. Law enforcement or firefighting services; and
- k. Handling, embalming, disposal, burial, cremation or disinterment of dead bodies.

This exclusion does not apply to the extent that coverage is provided for the insured by "underlying insurance".

17. Racing or Stunting Activities

"Bodily injury" or "property damage" arising out of the ownership or any insured's use of "mobile equipment" or "autos" in, or while in practice for, or while being prepared for, any prearranged professional or organized racing, speed, demolition or stunting activity or contest.

18. Recall of Products, Work or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- a. "Your product";
- b. "Your work"; or
- c. "Impaired property";

If such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

19. War

"Bodily injury", "property damage" or "personal and advertising injury", however caused, arising, directly or indirectly, out of:

- a. War, including undeclared or civil war; or
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution usurped power, or action taken by governmental authority in hindering or defending against any of these.

C. Supplementary Payments

- 1. When the duty to defend exists under this coverage part, we will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
 - a. All expenses we incur;
 - b. The cost of:
 - (1) Bail bonds up to \$3,000; or

- (2) The cost of appeal bonds to release attachments, but only for bond amounts with the applicable limit of insurance.

We do not have to furnish these bonds;

- c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claims or "Suit", including actual loss of earnings up to \$250 a day because of time off from work;
- d. All costs taxed against the insured in the "Suit";
- e. Prejudgement interest awarded against the insured on that part of the judgement we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgement interest based on the period of time after the offer;
- f. All interest on the full amount of any judgement that accrues after entry of the judgement and before we have:

(1) Paid, or offered to pay; or

(2) Deposited in court;

The part of the judgement that is within the applicable limit of insurance.

These payments will not reduce the Limits of Insurance.

- 2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
 - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement to which "underlying insurance" applies;
 - b. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same contract or agreement to which "underlying insurance" applies;
 - c. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

d. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree we can assign the same counsel to defend the insured and the indemnitee; and

e. The indemnitee:

(1) Agrees in writing to:

- (a) Cooperate with us in the investigation, settlement or defense of the "suit";
- (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- (c) Notify any other insurer whose coverage is available to the indemnitee; and
- (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provide us with written authorization to:

- (a) Obtain records and other information related to the "suit", and
- (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorney's fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorney's fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgements, or settlements, or the conditions set forth above, or the terms of the agreement described in Paragraph e. above, are no longer met.

3. If we are prevented by law or otherwise from carrying out the provisions of Section C. Supplementary Payments, we will pay any expense incurred with our written consent.

SECTION II — WHO IS AN INSURED

A. Except for liability arising out of the ownership, maintenance, or use of "covered autos":

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

- (1) "Bodily injury" or "personal and advertising injury":
- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above; or
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in (1)(a) or (b) above.
- (2) "Property damage" to property:
- (a) Owned, occupied, or used by,
 - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

You, any of your "employees", "volunteer workers", or any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b. Any person (other than your "employee" or "volunteer worker"), or organization while acting as your real estate manager.
 - c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With Respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any other person or organization insured under any policy of "underlying insurance". The coverage afforded such insureds under this policy will be not broader than the "underlying insurance" except for this policy's Limits of Insurance.
5. Any additional insured under any policy of "underlying insurance" will automatically be insured under this insurance
- If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance required by the contract, less any amounts payable by any "underlying insurance", subject to **Section III — Limits of Insurance**.
- Additional insured coverage provided by this insurance will not be broader than coverage provided by "underlying insurance".
6. Any person using an aircraft you charter with pilot or air crew, and any person legally responsible for the use of the aircraft provided its actual use is with your permission; except no coverage is afforded:
- a. The owner, pilot or air crew of the aircraft or any other person operating it; or

- b. Any manufacturer of aircraft, aircraft engines or aviation accessories, or any aviation sales, service or repair organization or airport or hangar operator or any of their "Employees".
7. Any organization you newly acquire or form other than a partnership, joint venture, or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period set forth in the Declarations, whichever is earlier; and
 - b. Coverage is applicable only in excess of the limits of "underlying insurance", and you must add the organization to your "underlying insurance" as soon as practicable, advising us of the addition. We may then adjust the premium charges.
 - c. Coverage does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - d. Coverage does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
- B. Only with respect to liability arising out of the ownership, maintenance, or use of "covered autos":
- 1. You are an insured.
 - 2. Anyone else while using with your permission a "covered auto" you own, hire or borrow is also an insured except:
 - a. The owner or anyone else from whom you hire or borrow a "covered auto". This exception does not apply if the "covered auto" is a trailer or semi-trailer connected to a "covered auto" you own.
 - b. Your "employee" if the "covered auto" is owned by that "employee" or a member of his or her household.

- c. Someone using a "covered auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.
- d. Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company), or a lessee or borrower or any of their "employees", while moving property to or from a covered auto.
- e. A partner (if you are a partnership), or a member (if you are a limited liability company) for a "covered auto" owned by him or her or a member of his or her household.

- 3. Anyone liable for the conduct of an insured described above is also an insured, but only to the extent of that liability.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture, or limited liability company that is not shown as a Named Insured in the Declarations.

No person is an insured as respects "Bodily Injury" to a fellow "employee" unless such insurance is provided the insured by "underlying insurance".

SECTION III — LIMITS OF INSURANCE

- A. The Limits of Insurance shown in the Declarations and the provisions below fix the most we will pay regardless of the number of:
 - 1. Insureds;
 - 2. Claims made or "suits" brought or number of vehicles involved; or
 - 3. Persons or organizations making claims or bringing "suits".
- B. Subject to D. below, The Occurrence Limit is the most we will pay for the "ultimate net loss" because of "bodily injury" and "property damage" arising out of any one "occurrence".
- C. Subject to D. below, the Occurrence Limit is the most we will pay for the "ultimate net loss" because of all "personal and advertising injury" sustained by any one person or organization.

D. The Aggregate Limit is the most we will pay for all "ultimate net loss" because of "bodily injury", "property damage" and "personal and advertising injury" regardless of the number of covered "occurrences" during each annual period of this policy, except:

1. The aggregate limit shall apply separately to and in excess of each aggregate limit of the "underlying policy".
2. The aggregate limit does not apply to "auto" liability arising out of the ownership, maintenance, use or entrustment of any "covered auto". Use includes operation, "loading or unloading".

E. The Aggregate limit as described in D. above, applies separately to each consecutive annual period and to any remaining period of less than 12 months. The policy period begins with the effective date shown on the Declarations. If the policy period is extended after issuance for an additional period of less than 12 months, the additional period will be part of the last preceding period.

F. If the applicable limit of insurance of the "underlying policy" is less than stated in the Declarations because the aggregate limit of insurance of the "underlying policy" has been reduced or exhausted, we will, subject to the Limits of Insurance and all other provisions of this policy:

1. Pay in excess of the reduced underlying limit of insurance; or
2. Continue in force as "underlying insurance" until this policy expires or until our aggregate limit is exhausted;

provided such reduction or exhaustion is solely the result of damages paid because of an "occurrence" during this policy period.

G. If the applicable limit of insurance of an "underlying policy" is a "sub-limit", this insurance will not apply, whether or not such "sub-limit" has been reduced by any payments under the "underlying policy".

H. If the applicable limit of insurance of the "underlying policy" is more than that stated in the Declarations this insurance becomes excess of such higher limits of insurance.

SECTION IV — CONDITIONS

A. Appeals

If the insured or the insured's "underlying insurer" elects not to appeal a judgment in excess of the underlying or "retained limit", we may elect to make such appeal at our cost and expense. We shall be liable, in addition to the applicable limit of insurance, for any taxable costs, payments and incidental interest. In no event shall our liability for "ultimate net loss" exceed the amount applicable to any one "occurrence" including all expenses of the appeal.

B. Bankruptcy

Your bankruptcy, insolvency or receivership, or, that of your estate, will not relieve us of our obligations under this Coverage Part.

In the event of bankruptcy, insolvency or receivership of any "underlying insurer", this policy will not apply as a replacement of the bankrupt or insolvent insurer. Our Limits of Insurance will only apply in excess of the minimum required limits of "Underlying Insurance" stated in this Coverage Part.

C. Duties In The Event Of Occurrence, Claim Or Suit

1. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- a. How, when and where the "occurrence" or offense took place;
- b. The names and addresses of any injured persons and witnesses; and
- c. The nature and location of any injury or damage arising out of the "occurrence" or offense.

2. If a claim is made or "suit" is brought against any insured, you must:

- a. Immediately record the specifics of the claim or "suit" and the date received; and
- b. Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

3. You and any other involved insured must:
- Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - Authorize us to obtain records and other information;
 - Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
4. No insureds will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense other than for first aid, without our consent.

D. Expanded Coverage Territory

1. If a claim or "suit" is brought in a part of the "coverage territory" that is outside the United States of America (including its territories and possessions), Puerto Rico, or Canada, and we are prevented by law, or otherwise, from defending the insured, the insured will initiate a defense of the claim or "suit". We will reimburse the insured, under Supplementary Payments, for any approved expenses incurred for the defense of such "suit" or claim seeking damages to which this insurance applies, that we would have been paid had we been able to exercise our right and duty to defend.

If the insured becomes legally obligated to pay sums because of damages to which this insurance applies in a part of the "coverage territory" that is outside the United States of America (including its territories and possessions), Puerto Rico or Canada, and we are prevented by law, or otherwise, from paying such claims on the insured's behalf, we will reimburse the insured for such sums.

2. All payments or reimbursements we make for damages because of judgments or settlements will be made in U.S. currency at the prevailing exchange rate at the time the insured became legally obligated to pay such sums. All payments or reimbursements we make for expenses under Supplementary Payments will be made in U.S. currency at the prevailing exchange rate at the time the expenses were incurred.
3. Any disputes between you and us as to whether there is coverage under this policy must be filed in the courts of the United States of America (including its territories and possessions), Canada or Puerto Rico.
4. The insured must fully maintain any coverage required by law, regulation or other governmental authority during the policy period, except for reduction of the aggregate limits due to payments of claims, judgments or settlements.

Failure to maintain such coverage required by law, regulation or other governmental authority will not invalidate this insurance. However, this insurance will apply as if the required coverage by law, regulation or other governmental authority was in full effect.

E. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- To sue us under this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

F. Loss Payable

Liability under this Coverage Part shall not apply unless and until the insured or insured's "underlying insurer" has become obligated to pay the "retained limit". Such obligation by the insured to pay part of the "ultimate net loss" shall have been previously determined by a final settlement or judgement after an actual trial or written agreement between the insured, claimant and us.

G. Maintenance Of Underlying Insurance

Each policy of "underlying insurance" must remain in force for the full term of this policy except:

1. For changes agreed to by us in writing;
2. For any reduction of the aggregate limits of such "underlying insurance" because of payment of claims, settlements or judgements arising out of occurrences during the policy period.

If you do not maintain "Underlying Insurance", we will pay only those damages or injuries that would have been paid had "Underlying Insurance" been maintained.

H. Other Insurance

1. This insurance is excess over, and shall not contribute with any other insurance, whether primary, excess, contingent or on any other basis. This condition will not apply to insurance specifically written as excess over this Coverage Part.

When this insurance is excess, we will have no duty to defend the insured against any "suit" if any other insurer has the duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

2. When this insurance is excess over other insurance, we will pay only our share of the "ultimate net loss" that exceeds the sum of:
 - a. The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
 - b. The total of all deductible and self-insured amounts under all that other insurance.

I. Premium Audit

1. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
2. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

J. Premiums

The First Named Insured shown in the Declarations will be:

1. Responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

The premium is fully earned if the Limits of Insurance are used up prior to the end of the policy period.

K. Representations or Fraud

By accepting this policy, you agree that:

1. The statements in the application and Declarations, and any subsequent notice relating to "underlying insurance", are accurate and complete;
2. Those statements are based upon representations you made to us; and
3. We have issued this policy in reliance upon your representations.
4. This policy is void in any case of fraud by you as it relates to this policy or any claim under this policy.

L. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies as if each Named Insured were the only Named Insured, and separately to each insured against whom claim is made or "suit" is brought.

M. Transfer of Rights of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request the insured will bring "suit" or transfer those rights to us and help us enforce them. Any recovery will be applied in the following order:

1. To any person or insurer who may have paid for liability in excess of our limit of liability;
2. To us up to the amount we paid under this policy; and, then
3. To any person or insurer to the extent that the person or insurer is entitled to claim the remaining amount, if any.

Reasonable expenses incurred in the exercise of rights of recovery will be shared among all interests on a pro rata basis according to their respective losses.

N. Underlying Insurance

The limits of "underlying insurance" shall apply, no matter what defense the "underlying insurer" may use because of the insured's failure to comply with any condition of the "underlying insurance" following an "occurrence". You must inform us promptly of any changes in "underlying insurance". We may make adjustments to our premium charges for this policy from the date of the changes to the "underlying insurance". We must also be notified within 30 days if any coverage is canceled or aggregate limit exhausted.

O. When We Do Not Renew

If we decide not to renew this Coverage, we will mail or deliver to the first Named Insured shown in the Declarations, written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V — DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purpose of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purpose of attracting customers or supporters is considered an advertisement.
2. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness, disease or disability sustained by a person, including death from any of these at any time including mental anguish or mental injury sustained by a person who has suffered a covered "bodily injury" as defined in this paragraph.
4. "Coverage territory" means anywhere in the world with the exception of any country or jurisdiction which is subject to trade or other economic sanction or embargo by the United States of America.
5. "Covered auto" means only those "autos" to which "underlying insurance" applies.
6. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

7. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work"; or your fulfilling the terms of the contract or agreement.
9. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
10. "Loading or unloading" means the handling of property:
 - a. After it is moved from the place where it is accepted for movement into or onto an "auto", aircraft or watercraft;
 - b. While it is in or on an "auto", aircraft or watercraft;
 - c. While it is being moved from an "auto" aircraft or watercraft to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the "auto", aircraft or watercraft.
11. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
 - a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e. Vehicles not described in a., b., c., or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
 - f. Vehicles not described in a., b., c., or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "Mobile Equipment" but will be considered "autos":

 - (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

12. "Occurrence" means:

- a. An accident, including continuous or repeated exposure to substantially the same general harmful conditions that result in "bodily injury" or "property damage". All damages arising from continuous or repeated exposure to substantially the same general conditions shall be deemed one "Occurrence".
- b. An offense that results in "personal and advertising injury". This does not include an offense committed with actual malice. All damages that arise from the same general conditions shall be deemed to arise from one "Occurrence". All damages involving the same injurious act, regardless of the frequency, repetition or the number or kind of media used, or the number of claimants shall be deemed to arise from one "occurrence".

13. "Personal and advertising injury" means injury, including consequential "bodily injury" arising out of one more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. Wrongful eviction from, wrongful entry into or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies; committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication in any manner of material that violates a person's right of privacy; or
- e. Oral or written publication in any manner of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or service.
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
- h. Discrimination because of race, religion, age, sex or physical disability.

This does not apply:

- (1) To offenses committed by or at the direction of the insured; or

- 2) If insurance for such offenses is prohibited by law;

committed during the policy period.

- 14. "Pollutants" mean any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.**

- 15. "Pollution hazard" means an actual exposure or threat of exposure to the corrosive, toxic or other harmful properties of any "pollutants" arising out of the discharge, dispersal, seepage, migration, release or escape of such "pollutants".**

"Pollution hazard" includes losses, costs or expenses arising out of any obligation, order, direction or request of or upon any insured or others, including but not limited to any governmental obligation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, in any way respond to, or assess the effects of "pollutants".

16. "Products-completed operations hazard"

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned.

- b. "Your work" will be deemed completed at the earliest of the following times:

- (1) When all the work called for in your contract has been completed;
- (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site;
- (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise completed, will be treated as completed.

c. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of it;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials;
- (3) Products or operations for which "underlying insurance" classifications or manual rules include products or completed operations coverage.

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, (including systems and applications software), hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Retained limit" means the greater of:

- a. The total of the limits as shown in the Declarations for the coverage(s) in question, and the limits of any other insurance not shown in the declarations that is valid and collectible; or
- b. The limit shown in the Declarations as the "self-retained limit".

However, "retained limit" does not mean any "sub-limit".

19. "Self-retained limit" means the dollar amount shown in the Declarations to be paid by an insured if no "underlying insurance" or any other insurance applies to an "occurrence" covered under this policy. The "self-retained limit" does not apply to "occurrences" or offenses which would have been covered by "underlying insurance" but for the exhaustion of applicable limits. These provisions do not apply to any "sub-limit" which has been reduced or exhausted.

20. "Sub-limit" means a limit of insurance of the "underlying policy" which:

- a. As originally granted at the effective date of the "underlying policy", or
- b. At its original addition by endorsement to that "underlying policy" is an amount less than that stated in the Declarations of this policy.

21. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent or the "underlying insurer's" consent.

22. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

23. "Ultimate net loss" means the total of the following sums for each "occurrence" to which this policy applies:

- a. All sums for which the insured becomes legally obligated to pay as damages, either by reason of adjudication or settlement or any arbitration or other alternate dispute method entered into with our consent or the "underlying insurer's" consent.. This includes deduction for recoveries and salvages paid or to be paid.

- b. All expenses, other than defense settlement expenses provided in **Section I — Coverages, C. Supplementary Payments** incurred by or on behalf of the insured in the investigation, negotiation, settlement and defense of any "suit" seeking damages under this policy. However, the salaries of the insured's regular employees are excluded.
24. "Underlying insurance" means any policies of insurance listed in the Declarations under the section titled Schedule of Underlying Insurance and Limits.
25. "Underlying insurer" means any insurer who provides any policy of insurance listed in the schedule of "underlying insurance".
26. "Underlying policy" means a policy providing "Underlying insurance" or any other applicable insurance.
27. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

28. "Your product":

a. Means:

- (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

- (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

29. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) Warranties or representation made at any time with respect to the fitness, quality, durability, performance, or use of your work; and

(2) The providing of or failure to provide warnings or instructions.

ASBESTOS EXCLUSION

COMMERCIAL UMBRELLA LIABILITY
CXL 17 10 99

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

1. It is agreed that this insurance does not apply to any loss or damage relating to the actual, alleged, or threatened presence of, or exposure to, "asbestos," including inhalation, ingestion, irritation, absorption or other similar physical exposure to "asbestos." Such presence of, or exposure to, "asbestos" includes, but is not limited to:
 - a. structures or manufacturing processes containing "asbestos";
 - b. the disposal of "asbestos" or goods, products or materials containing "asbestos";
 - c. the storing or presence of "asbestos" or goods, products or materials containing "asbestos"; or
 - d. the removal of "asbestos" from any goods, products, materials, structures or manufacturing processes, whether or not such "asbestos" is airborne.
2. We shall have no obligation under this coverage part:
 - a. to investigate, settle or defend any claim or "suit" against any "insured" alleging actual or threatened injury or damage of any nature or kind to persons or property which arises out of or would not have occurred but for the presence of, or exposure to, "asbestos"; or
 - b. to pay any damages, judgments, settlements, losses, costs or expenses of any kind or nature that may be awarded or incurred by reason of any such claim or suit or any such actual or threatened injury or damage from "asbestos"; or
 - c. for any losses, costs or expenses arising out of any obligation, order, direction or request of or upon any insured or others, including, but not limited to, any governmental obligation, order, direction or request, to test for, monitor, clean up, remove, contain, treat, neutralize, in any way respond to, or assess the effects of "asbestos."
3. "Asbestos" includes asbestos, asbestos fibers, asbestos materials, and asbestos products, or any goods or products containing asbestos or asbestos fibers, materials, or products.

CXL 17 10 99

AUTO LIABILITY EXCLUSION

COMMERCIAL UMBRELLA LIABILITY
CXL 21 04 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the ownership, maintenance, operation, use, loading or unloading or entrustment to others of any "Auto".

EMPLOYEE BENEFITS LIABILITY EXCLUSION

COMMERCIAL UMBRELLA LIABILITY
CXL 34 04 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

This insurance does not apply to damage sustained by an "employee", prospective "employee", former "employee" or their beneficiaries or legal representatives in the "administration" of the Insured's Employee Benefits Program, caused by a negligent act, error or omission of the insured or any other person for which the insured is legally liable.

"Administration" means:

- (1) Giving counsel to "employees" with respect to the Employee Benefits Program (this does not include giving of legal advice);
- (2) Interpreting the Employee Benefits Program;
- (3) Handling the records in connection with the Employee Benefits Program;
- (4) Effecting enrollment, termination or cancellation of "employees" under the Employee Benefits Program.

PROPERTY OF OTHERS EXCLUSION

COMMERCIAL UMBRELLA LIABILITY
CXL 63 01 99

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

This insurance does not apply to "Property Damage" to:

1. Property rented or occupied by the insured;
2. Property loaned to the insured;
3. Property in the care, custody or control of the insured.

CXL 63 01 99

WATERCRAFT LIABILITY LIMITATION

COMMERCIAL UMBRELLA LIABILITY
CXL 119 04 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

This insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the ownership, maintenance, operation, use, including loading or unloading or entrustment to others of watercraft.

This exclusion does not apply to the extent that coverage is provided for the insured by "underlying insurance".

PERSONAL AND ADVERTISING INJURY LIABILITY LIMITATION

COMMERCIAL UMBRELLA LIABILITY
CXL 132 04 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

This insurance does not apply to any claims made or "suits" brought against the insured for liability arising out of "personal and advertising injury".

This exclusion does not apply to the extent that coverage is provided for the insured by "underlying insurance".

NORTH CAROLINA CHANGES — CANCELLATION AND NONRENEWAL

COMMERCIAL UMBRELLA LIABILITY
CXL 170 04 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE PART

A. COMMON POLICY CONDITIONS, A. Cancellation, Paragraph 2. is replaced by the following:

2. a. CANCELLATION OF POLICIES IN EFFECT LESS THAN 60 DAYS

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. CANCELLATION OF POLICIES IN EFFECT FOR 60 DAYS OR MORE

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

- (1) Expiration of the policy term; or
- (2) Anniversary date

stated in the policy only for one or more of the following reasons:

- (a) Nonpayment of premium;
- (b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;
- (c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
- (d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;
- (e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;
- (f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;
- (g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;
- (h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;
- (i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

CXL 170 04 03
Page 1 of 2

- (j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

- (i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (ii) 30 days before the effective date of cancellation if we cancel for any other reason.
- c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.
 - d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

B. SECTION IV — CONDITIONS, O. When We Do Not Renew is replaced with the following:

Nonrenewal

- a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:
 - (1) Expiration of the policy if this policy has been written for one year or less; or
 - (2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.
- b. We need not mail or deliver the notice of nonrenewal if you have:
 - (1) Insured property covered under this policy, under any other insurance policy;
 - (2) Accepted replacement coverage; or
 - (3) Requested or agreed to nonrenewal of this policy.
- c. If notice is mailed, proof of mailing will be sufficient proof of notice.

The written notice of cancellation or nonrenewal will:

- 1. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and
- 2. State the reason or reasons for cancellation or nonrenewal.

EXCLUSION — LEAD HAZARD

COMMERCIAL UMBRELLA LIABILITY
CXL 318 04 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

This insurance does not apply to:

- a. "Bodily injury" arising out of the ingestion, inhalation, or absorption of lead in any form;
- b. "Property damage" or "personal and advertising injury," arising from the presence of lead in any form; or
- c. Any loss, cost or expense arising out of any orders by, or on behalf of, any governmental authority to test for, monitor, cleanup, remove, contain, treat, detoxify, or neutralize in any form.

at or from any premises, sites or locations which are, or were at any time, owned by, rented to, loaned to, or used by any insured, or arising from operations by any insured.

FUNGI OR BACTERIA EXCLUSION

COMMERCIAL UMBRELLA LIABILITY
CXL 383 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

A. Section I Coverages, B. Exclusions is amended by the addition of the following provision.

Fungi or Bacteria

- a. "Bodily injury" or "property damage" which would not have occurred, in whole or part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following definition is added to the **Definitions** Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

COMMERCIAL UMBRELLA LIABILITY
CXL 388 01 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

- A.** If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

COMMERCIAL UMBRELLA LIABILITY
CXL 400 04 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

I. The insurance does not apply

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, with any person or organization.

B. Under any Liability Coverage, to "bodily injury" and "property damage" resulting from "hazardous properties" of "nuclear material", if:

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an insured or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an insured; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located with the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property there at.

II. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

CXL 400 04 03
Page 1 of 2

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radio-active contamination of property.

EXCLUSION — EMPLOYMENT PRACTICES LIABILITY

COMMERCIAL UMBRELLA LIABILITY
CXL 453 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

- A. Exclusion B.9. Employment Related Practices of SECTION I — COVERAGES** is deleted in its entirety and replaced by the following:

This insurance does not apply to any liability for any claim based upon, arising out of, directly or indirectly resulting from “employment practices wrongful acts”, whether or not such coverage is provided for by the “underlying insurance”.

This exclusion applies whether the insured may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

- B. The following is added to SECTION V — DEFINITIONS:**

1. “Employment Practices Wrongful Acts” means any of the following employment related acts: if alleged by or on behalf of a claimant:
 - a. violations of any federal, state, or local civil rights laws;
 - b. wrongful dismissal, discharge, discipline, or termination of employment whether actual or constructive;
 - c. breach of a written or oral employment contract or implied employment contract;
 - d. demotion, denial of tenure, failure or refusal to hire or promote, or wrongful deprivation of a career opportunity;
 - e. negligent reassignment, hiring, supervision, evaluation, training, or retention;
 - f. misrepresentations;
 - g. defamation (including libel and slander), invasion of privacy, false arrest, detention, or imprisonment;
 - h. sexual or workplace harassment;
 - i. any violation of employment discrimination laws based upon such person’s race, sex, religion, sexual orientation, disability, marital status, pregnancy, age, national origin, veteran status or any other status that is protected pursuant to any foreign, federal, state, or local statutory law or common law;
 - j. failure to prevent the existence of an abusive or hostile work environment;
 - k. wrongful infliction of emotional distress, mental anguish, or humiliation;
 - l. retaliatory treatment of an “employee” alleged to be because such individual:
 - a. exercised his or her rights under law, including rights under workers compensation laws, the Family and Medical Leave Act, the Americans with Disabilities Act, or any other law relating to employee rights;
 - b. refused to violate any law or opposed any unlawful practice;
 - c. assisted or testified in or cooperated with any legal proceeding or formal governmental investigation regarding alleged violations of law by you;
 - d. disclosed or expressed an intent to disclose to a superior or to any governmental agency any alleged violations of law; or
 - e. filed or expressed intent to file any claim against you under the Federal False Claims Act or any other similar foreign, federal, state, or local “whistle blower” law.

EXCLUSION — FIDUCIARY LIABILITY

COMMERCIAL UMBRELLA LIABILITY
CXL 454 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

A. The following is added to B. Exclusions of SECTION I — COVERAGES:

1. This insurance does not apply to any liability for any claim based upon, arising out of, or directly or indirectly resulting from:
 - a. any actual or alleged violation of any of the responsibilities, obligations, or duties imposed upon fiduciaries of an "employee benefit plan" by ERISA or the common or statutory law(s) of any jurisdiction; or
 - b. any other matter claimed against you solely by reason of your status as a fiduciary of an "employee benefit plan"; or
 - c. any actual or alleged act, omission, error, misstatement, misleading statement, neglect or breach of duty in your administration of an "employee benefit plan",

whether or not such coverage is provided by the "underlying insurance".

B. The following is added to SECTION V — DEFINITIONS:

1. "Employee Benefit Plan" means:
 1. any employee welfare benefit plan as defined by ERISA or any similar state, local or foreign law or regulation which provides benefits or services to your "employees" and which was, is now, or becomes sponsored solely by you exclusively for your "employees";
 2. any pension plan, including an employee stock ownership plan, which was, or is, sponsored solely by you exclusively for your "employees";
 3. any group insurance program, including a Health Savings Account (HSA) program, that meets the safe harbor conditions set forth in 29 C.F.R. 2510.3-1(j)(1), or any benefit plan that is not subject to Title I of ERISA, including any fringe benefit or excess benefit plan, that was, is now, or becomes sponsored solely by you exclusively for the benefit of your "employees"; or
 4. any other benefit plan you sponsor solely for your "employees" not subject to Title I of ERISA.

COMMERCIAL UMBRELLA LIABILITY 2015 CHANGES

COMMERCIAL UMBRELLA LIABILITY
CXL 462 11 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE FORM

A. Paragraph 1. of SECTION I — COVERAGES, B. Exclusions is replaced by the following:

1. Aircraft Or Watercraft

This insurance does not apply to:

"Bodily injury" or "property damage" arising out of the ownership, maintenance, operation, use, including "loading or unloading" or entrustment to others of watercraft over 50 feet in length or any aircraft.

- a. Owned by any insured;
- b. Chartered without crew by or on behalf of any insured; or
- c. Owned and operated by any employee of an insured.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of watercraft over 50 feet in length or any aircraft subject to Paragraphs a., b., or c.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent; or
- (2) Liability assumed under any contract or agreement.

B. Paragraph 13. of SECTION I — COVERAGES, B. Exclusions is replaced by the following:

13. Liquor Liability

This insurance does not apply to "bodily injury" or "property damage" for which any insured may be held liable by reason of:

- a. Causing or contributing to the intoxication of any person;
- b. The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- c. Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- i. The supervision, hiring, employment, training or monitoring of others by that insured; or
- ii. Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage" involved that which is described in Paragraph a., b. or c. above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

This exclusion does not apply to the extent that coverage is provided for the insured by "underlying insurance". Coverage provided will follow the provisions, exclusions and limitations of the "underlying insurance" unless otherwise directed by this insurance.

However, if **CXL 50** is attached to the Policy, the provisions of that endorsement apply in lieu of the above.

C. Subparagraphs b. and c. under 14. Personal and Advertising Injury of SECTION I — COVERAGES, B. Exclusions are replaced by the following:

This insurance does not apply to:

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

D. Paragraph 16. Professional Services of SECTION I — COVERAGES, B. Exclusions is replaced by the following:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or failure to render any professional service. This includes, but is not limited to:

- a. Legal, accounting or advertising services;
- b. Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions; reports, surveys, field orders, change orders or drawings or specifications;
- c. Engineering services, including related supervisory or inspection services;
- d. Medical, surgical, dental, X-ray or nursing services treatment, advice or instruction;
- e. Any health or therapeutic service treatment, advice or instruction;
- f. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement, or personal grooming or therapy;
- g. Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- h. Body piercing services;
- i. Services in the practice of pharmacy;
- j. Law enforcement or firefighting services; and
- k. Handling, embalming, disposal, burial, cremation or disinterment of dead bodies.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" or the offense which caused the "personal and advertising injury", involved the rendering of or failure to render any professional service.

This exclusion does not apply to the extent that coverage is provided for the insured by "underlying insurance".

E. The following is added to SECTION I — COVERAGES, B. Exclusions:

Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability

This insurance does not apply to:

- (1) Damages because of "bodily injury", "property damage" or "personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

However, unless Paragraph (1) above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

F. The following is added to SECTION I — COVERAGES, B. Exclusions:

Recording And Distribution Of Material Or Information In Violation Of Law

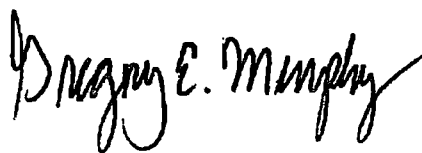
This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

We will provide the insurance described in this policy in return for the premium
and compliance with all applicable provisions of this policy

A handwritten signature in black ink, appearing to be "Michael H. [unclear]".

Secretary

A handwritten signature in black ink, clearly legible as "Gregory E. Murphy".

Chairman

POLICY SCHEDULE

SELECTIVE INSURANCE
BRANCHVILLE, NEW JERSEY 07890

ISSUE DATE: 12/03/2017

Policy No	Issued To	
S 2003458	NORTH BERKELEY DEVELOPMENT ASSOCIATES LLC	

Period	Transaction Type	Agent Number
12/01/2017 12/01/2018	RENEWAL	00-07536-00000

Billing Type	Transaction Eff. Date	Number of Remaining Installments
DIRECT BILL	12/01/2017	09

BILL ACCOUNT: 117 552 166

PAYMENT WILL BE BILLED AS FOLLOWS:

SCHEDULED BILL DATE	SCHEDULED DUE DATE	PREMIUM AMOUNTS
01. 12/12/2017	01/01/2018	8,355.00
02. 01/12/2018	02/01/2018	2,686.00
03. 02/09/2018	03/01/2018	2,686.00
04. 03/12/2018	04/01/2018	2,686.00
05. 04/11/2018	05/01/2018	2,686.00
06. 05/11/2018	06/01/2018	2,686.00
07. 06/11/2018	07/01/2018	2,686.00
08. 07/12/2018	08/01/2018	2,686.00
09. 08/12/2018	09/01/2018	2,683.00
TOTAL		\$29,840.00

THIS IS NOT A BILL.

Your bill will be sent under separate cover. This is a Payment Schedule of your policy premium due based on your selected installment plan. Changes made to the policy premium after the issue date listed above, will be reflected on future bills.

An installment fee of \$0.00 may be added to each installment bill. Policies not paid by the installment due date may be subject to a late fee of \$20.00 for each late payment. An insufficient fund fee of \$25.00 will be charged for payments returned by your financial institution.

**IMPORTANT NOTICE ABOUT YOUR PAYMENT PLAN
AND LATE PAYMENTS UNDER YOUR PAYMENT PLAN:**

If you have selected a payment plan option to pay for Your policy or policies with Us, we will send You a bill or email notification when premium is due. Bills will show (1) the billed minimum amount due on Your account for that month, and (2) the total balance due on Your account, including late and installment fees, if any have been charged. On or before the due date We specify in Your bill, You will be required to pay Us the total billed minimum amount shown in order to stay current in your payments due to Us (excluding any policy or policies that are pending cancellation).

Any time a payment is late and You fall behind on the amount that is owed to Us for the policy premium, we will issue a policy cancellation notice for failure to pay the premium, and we may charge you a late fee. For the first two times you fall behind, if You pay the total amount due before the cancellation effective date indicated in the notice, the policy or policies will remain in effect. If, however, We issue a third cancellation notice for nonpayment of premium, We will accelerate the remaining payments due under the payment plan and require You to pay **the full outstanding policy premium (not just the total billed minimum amount in the most recent bill) on or before the cancellation effective date.** If You do not pay the full outstanding balance on or before the cancellation effective date, We will cancel Your policy. If Your policy or policies are cancelled or expired, Your enrollment in an electronic payment option will continue, despite the fact that the policy(s) have been cancelled with Selective and may remain in effect until such time as any payment for any earned premiums, audit balances or other amounts related to your account are settled. If more than one policy is subject to a payment plan, We will apply partial payments proportionately to the billed minimum amount for each policy. Any policy that is not paid in full after this allocation will be subject to cancellation for nonpayment of premium, as provided in the policy.

Selective Insurance
Main Administrative Offices
40 Wantage Avenue Branchville
New Jersey 07890
(973) 948-3000

"Selective Insurance" refers to the following affiliated insurers:

Selective Insurance Company of America, Selective Way Insurance Company, Selective Insurance Company of South Carolina, Selective Insurance Company of the Southeast, Selective Insurance Company of New York, Selective Insurance Company of New England, Selective Casualty Insurance Company, Selective Fire and Casualty Insurance Company, and Selective Auto Insurance Company of New Jersey. The declarations page of your policy identifies the insurance carrier that issued your "Selective Insurance" policy.

EXHIBIT B

PO Box 7259
London, KY 40742
Fax: 877-233-1354

Insured: North Berkeley Development Associates Llc
Property: 1310 PARKWAY DR
GOLDSBORO, NC 27534
Business: 227 E Front St
New Bern, NC 28560-2145
Home: 1310 PARKWAY DR
GOLDSBORO, NC 27534

Cell: (252) 617-9878
Business: (252) 672-9370
E-mail: hubie@uhfdevelopmentgroup.com

Claim Rep.: Thomas Schamens

Business: (317) 818-6173
E-mail: thomas.schamens@selective.com

Estimator: Thomas Schamens

Business: (317) 818-6173
E-mail: thomas.schamens@selective.com

Reference:
Company: Selective Insurance
Business: PO Box 7264
London, KY 40742

Business: (317) 818-6173

Claim Number: 21906407

Policy Number: S 2003458

Type of Loss: Windstorm

Date Contacted: 9/19/2018

Date of Loss: 9/14/2018

Date Inspected: 9/21/2018

Date Received: 9/17/2018

Date Entered: 9/26/2018 7:57 PM

Date Est. Completed: 9/26/2018 8:12 PM

Price List: NCKI8X_SEP18
Restoration/Service/Remodel
Estimate: NORTH_BERKELEY_
DEVE1

Important! Please Read First:

This estimate is prepared using prevailing prices of building materials and labor in your area. The decision to use and the choice of any particular contractor is entirely insured's privilege and ultimate responsibility. If the contractor you choose thinks he or she is unable to complete the specified repairs for the amount allowed in our estimate, please have your contractor contact your adjuster immediately. Any request for supplemental funds must be made prior to the supplemental work being performed, or such requests cannot be honored.

PO Box 7259
London, KY 40742
Fax: 877-233-1354

NORTH_BERKELEY_DEVE1

Roofing

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	RCV	DEPREC.	ACV
1. R&R Cap flashing	12.00 LF	15.27	8.73	191.97	(0.00)	191.97
3. R&R Metal Z flashing / drip cap	12.00 LF	2.23	0.60	27.36	(0.00)	27.36
Totals: Roofing			9.33	219.33	0.00	219.33

Labor Minimums Applied

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	RCV	DEPREC.	ACV
2. Roofing labor minimum	1.00 EA	216.12	0.00	216.12	(0.00)	216.12
4. Siding labor minimum	1.00 EA	147.88	0.00	147.88	(0.00)	147.88
Totals: Labor Minimums Applied			0.00	364.00	0.00	364.00
Line Item Totals: NORTH_BERKELEY_DEVE1			9.33	583.33	0.00	583.33

PO Box 7259
London, KY 40742
Fax: 877-233-1354

Summary for Building

Line Item Total		574.00
Material Sales Tax		9.33
		<hr/>
Replacement Cost Value		\$583.33
Less Deductible	[Full Deductible = 2,500.00]	(583.33)
		<hr/>
Net Claim		\$0.00
		<hr/> <hr/>

Thomas Schamens

PO Box 7259
London, KY 40742
Fax: 877-233-1354

Recap of Taxes

	Material Sales Tax (6.75%)	Laundry & D/C Tax (6.75%)	Manuf. Home Tax (2%)	Storage Rental Tax (6.75%)	Local Food Tax (2%)
Line Items	9.33	0.00	0.00	0.00	0.00
Total	9.33	0.00	0.00	0.00	0.00

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Recap by Room

Estimate: NORTH_BERKELEY_DEVE1

Roofing	210.00	36.59%
Labor Minimums Applied	364.00	63.41%
<hr/>		
Subtotal of Areas	574.00	100.00%
<hr/>		
Total	574.00	100.00%

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Fax: 877-233-1354

Recap by Category

Items	Total	%
GENERAL DEMOLITION	10.32	1.77%
ROOFING	394.20	67.58%
SIDING	169.48	29.05%
Subtotal	574.00	98.40%
Material Sales Tax	9.33	1.60%
Total	583.33	100.00%

Photo Sheet

Selective

**PO Box 7259
London, KY 40742
Fax: 877-233-1354**

Insured: North Berkeley Development Associates Llc

Claim #: 21906407

Policy #: S 2003458



1-SAM_7163

Date Taken: 9/25/2018

Taken By: Thomas Schamens

Overview south elevation



2-SAM_7164

Date Taken: 9/25/2018

Overview south elevation

Photo Sheet

Selective

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London, KY 40742
Fax: 877-233-1354

Insured: North Berkeley Development Associates LLC

Claim #: 21906407

Policy #: S 2003458

3-SAM_7165

Date Taken: 9/25/2018

West elevation



4-SAM_7166

Date Taken: 9/25/2018

North elevation

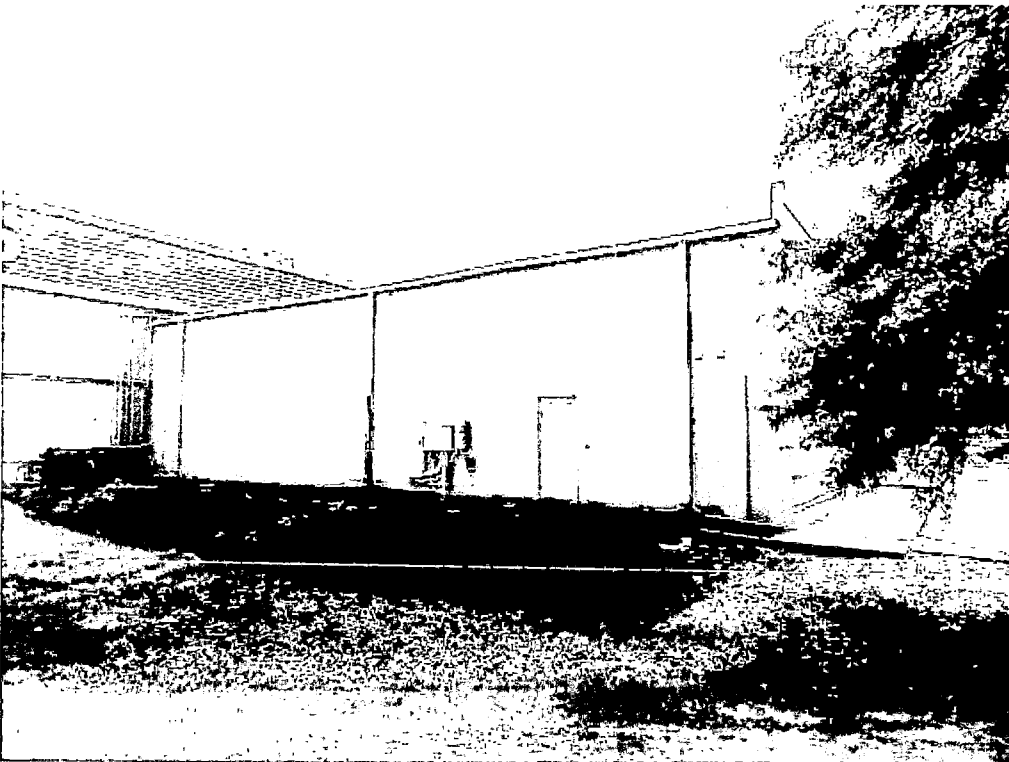


Photo Sheet

Selective

PO Box 7259
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Fax: 877-233-1354

Insured: North Berkeley Development Associates Llc

Claim #: 21906407

Policy #: S 2003458



5-SAM_7167

Date Taken: 9/25/2018

North elevation



6-SAM_7168

Date Taken: 9/25/2018

North elevation

Photo Sheet

Selective

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London, KY 40742
Fax: 877-233-1354

Insured: North Berkeley Development Associates Llc

Claim #: 21906407

Policy #: S 2003458



7-SAM_7169

Date Taken: 9/25/2018

North elevation



8-SAM_7170

Date Taken: 9/25/2018

North elevation

Photo Sheet

Selective

PO Box 7259
London, KY 40742
Fax: 877-233-1354

Insured: North Berkeley Development Associates Llc

Claim #: 21906407

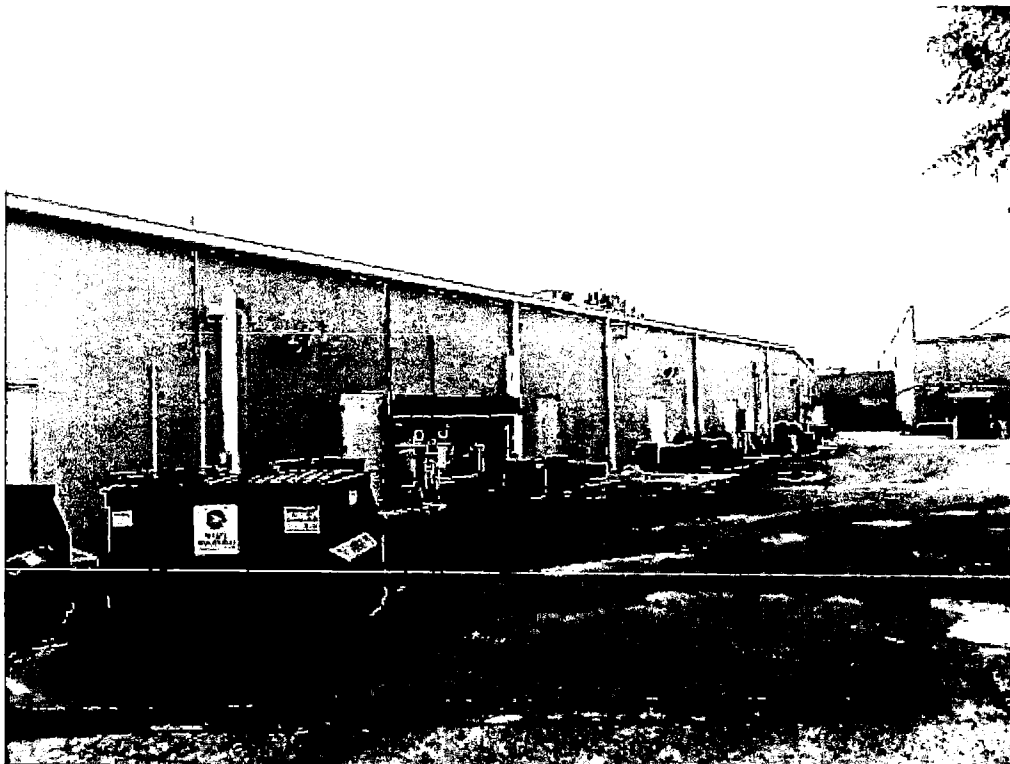
Policy #: S 2003458



9-SAM_7171

Date Taken: 9/25/2018

North elevation



10-SAM_7172

Date Taken: 9/25/2018

North elevation

Photo Sheet

Selective

PO Box 7259
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Fax: 877-233-1354

Insured: North Berkeley Development Associates Llc

Claim #: 21906407

Policy #: S 2003458



11-SAM_7173

Date Taken: 9/25/2018

North elevation



12-SAM_7174

Date Taken: 9/25/2018

East elevation

Photo Sheet

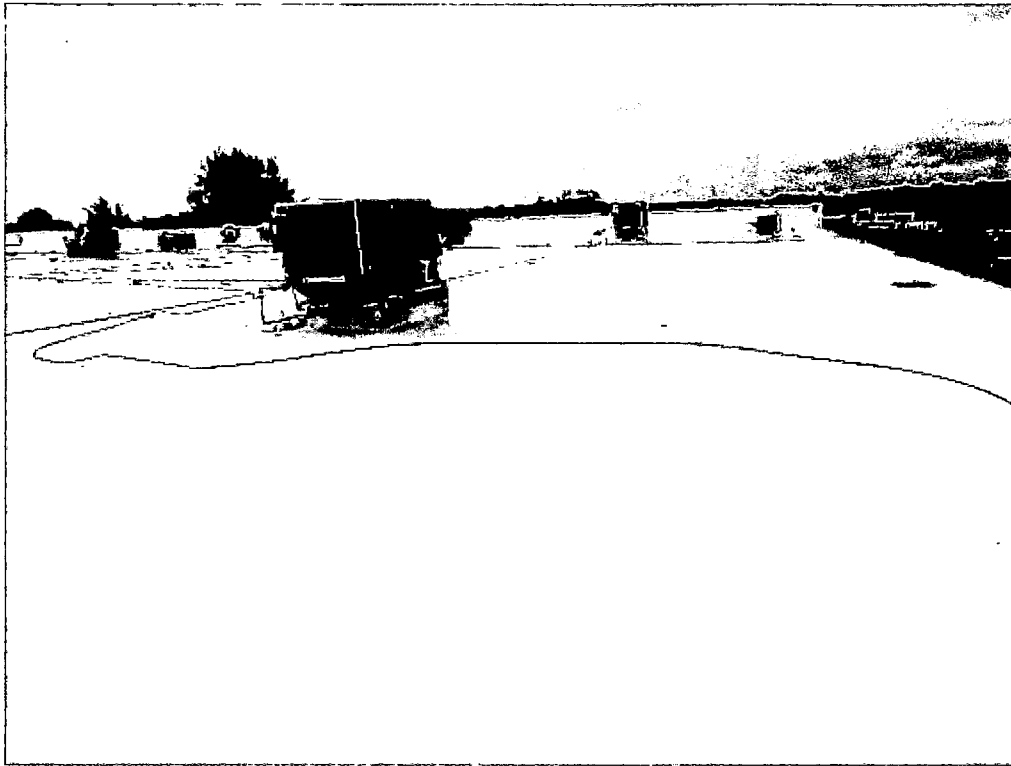
Selective

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Insured: North Berkeley Development Associates LLC

Claim #: 21906407

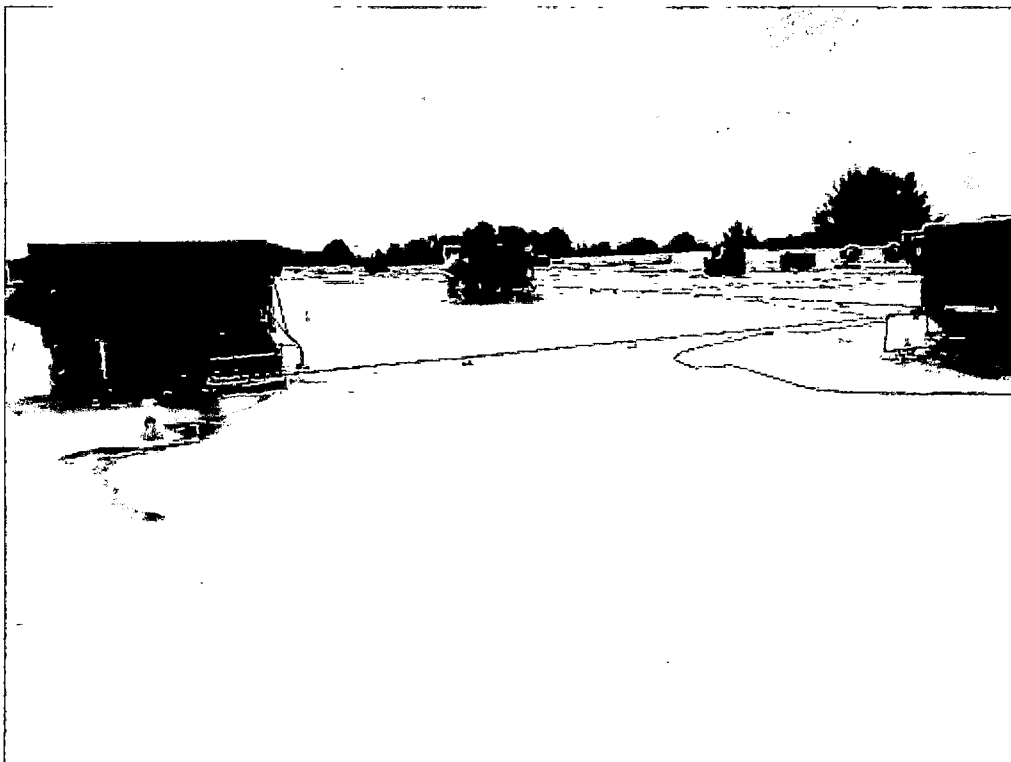
Policy #: S 2003458



13-SAM_7176

Date Taken: 9/25/2018

Roofing, no damage to the rubber membrane



14-SAM_7177

Date Taken: 9/25/2018

Roofing, no damage to the rubber membrane

Photo Sheet

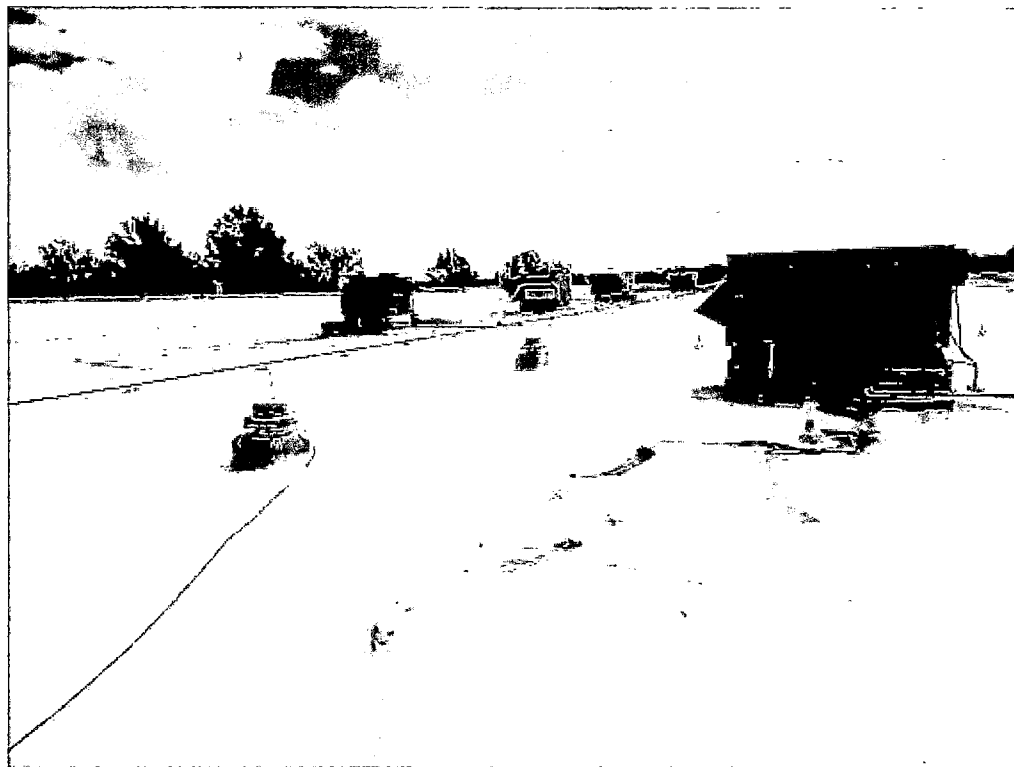
Selective

PO Box 7259
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Fax: 877-233-1354

Insured: North Berkeley Development Associates Llc

Claim #: 21906407

Policy #: S 2003458



15-SAM_7178

Date Taken: 9/25/2018

Roofing, no damage to the rubber membrane



16-SAM_7179

Date Taken: 9/25/2018

Roofing, no damage to the rubber membrane

Photo Sheet

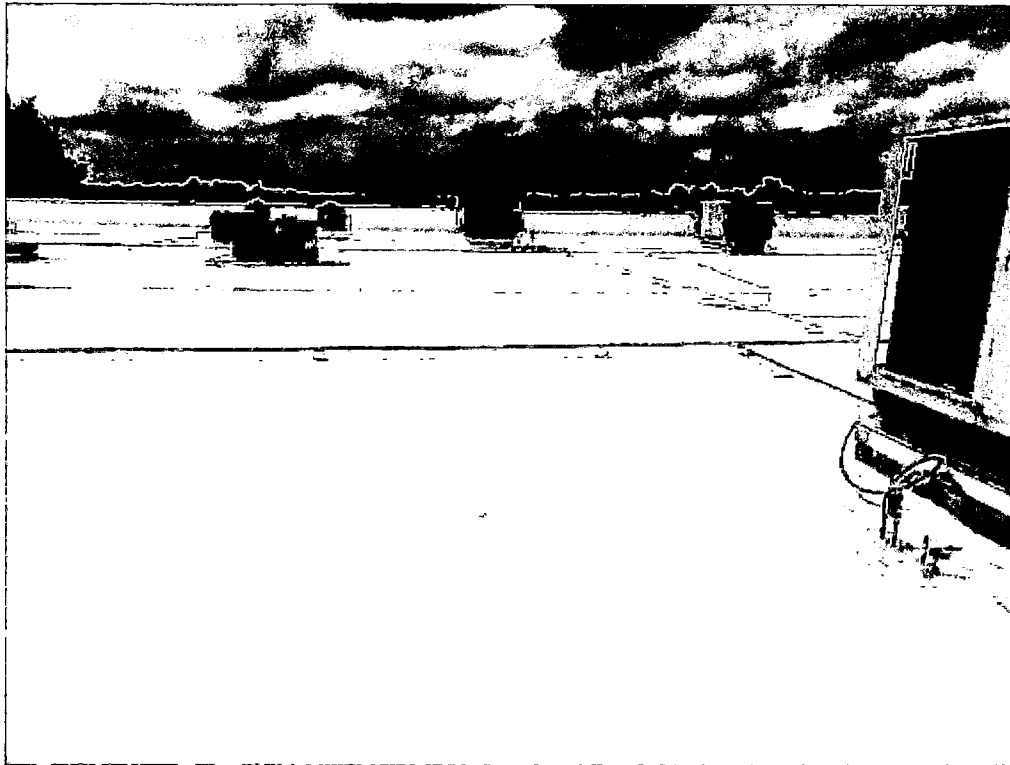
Selective

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Insured: North Berkeley Development Associates Llc

Claim #: 21906407

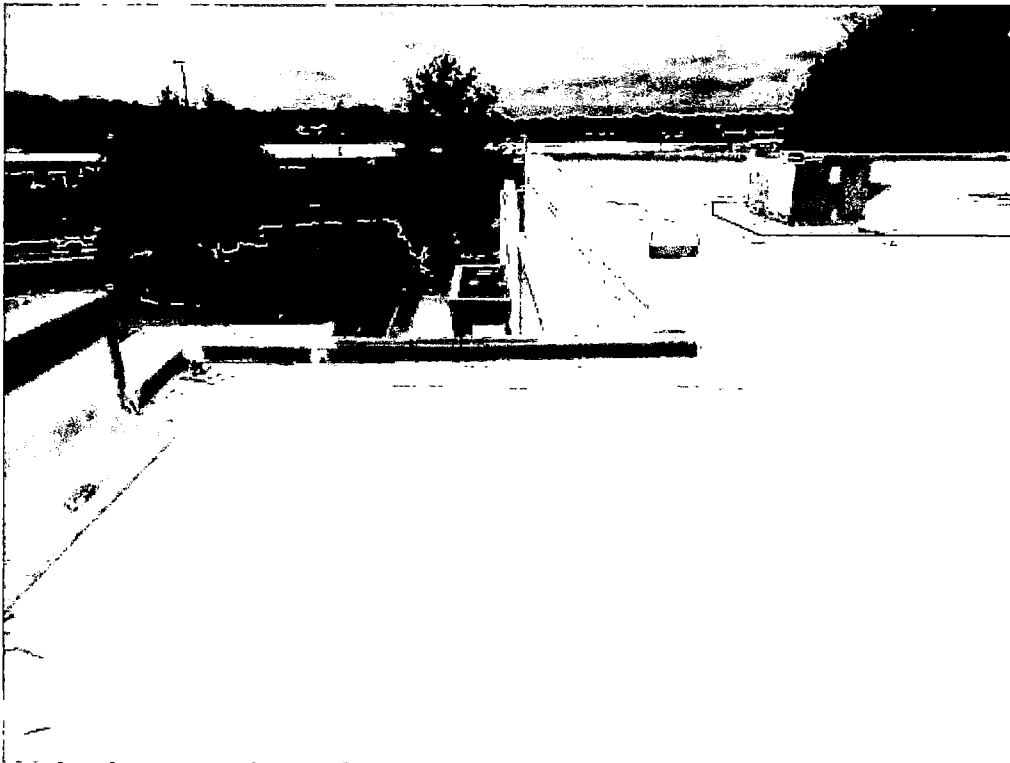
Policy #: S 2003458



17-SAM_7180

Date Taken: 9/25/2018

Roofing, no damage to the rubber membrane



18-SAM_7181

Date Taken: 9/25/2018

Roofing, no damage to the rubber membrane

Photo Sheet

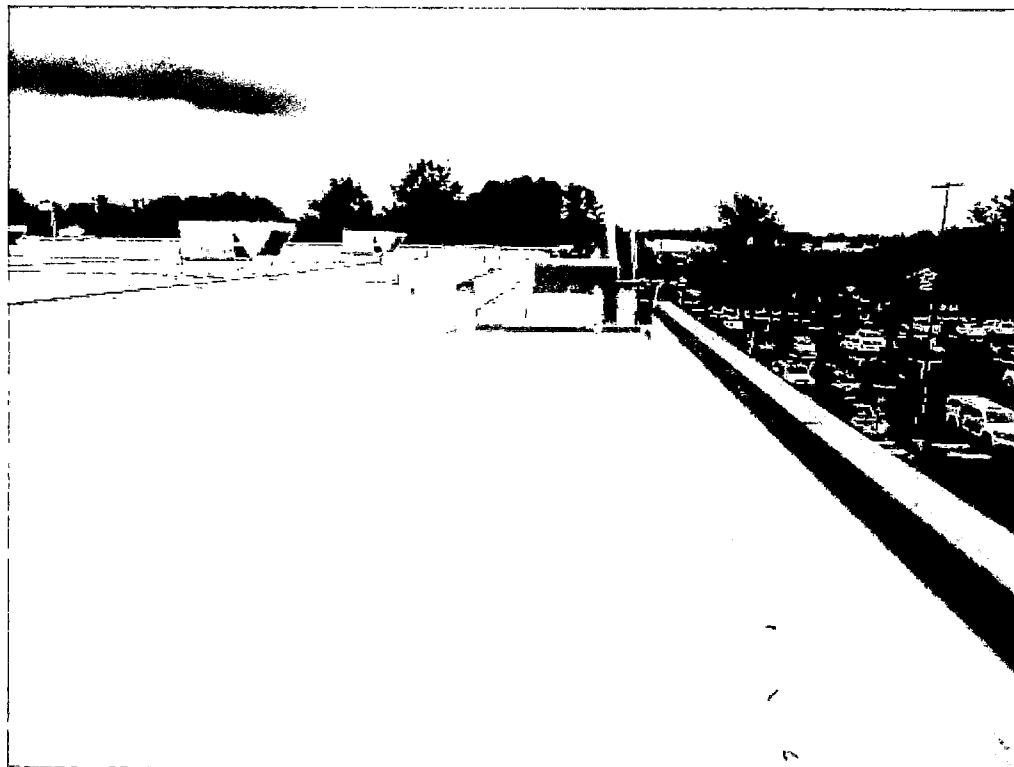
Selective

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Insured: North Berkeley Development Associates Llc

Claim #: 21906407

Policy #: S 2003458



19-SAM_7182

Date Taken: 9/25/2018

Roofing, no damage to the rubber membrane



20-SAM_7183

Date Taken: 9/25/2018

Roofing, no damage to the rubber membrane

Photo Sheet

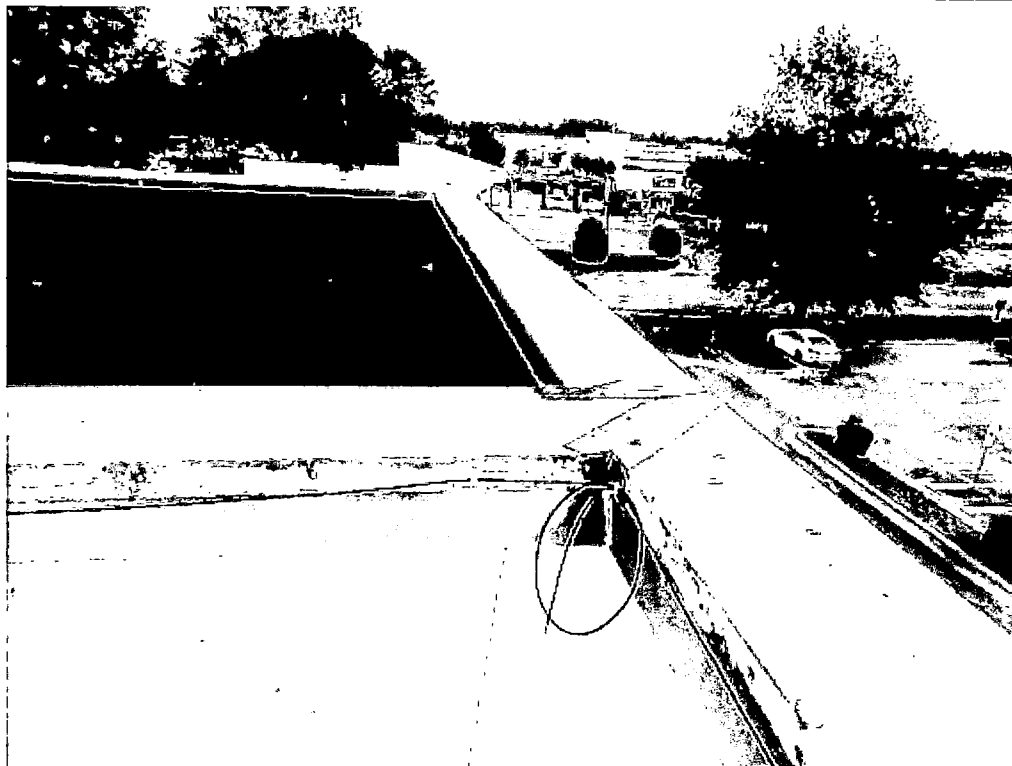
Selective

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Claim #: 21906407

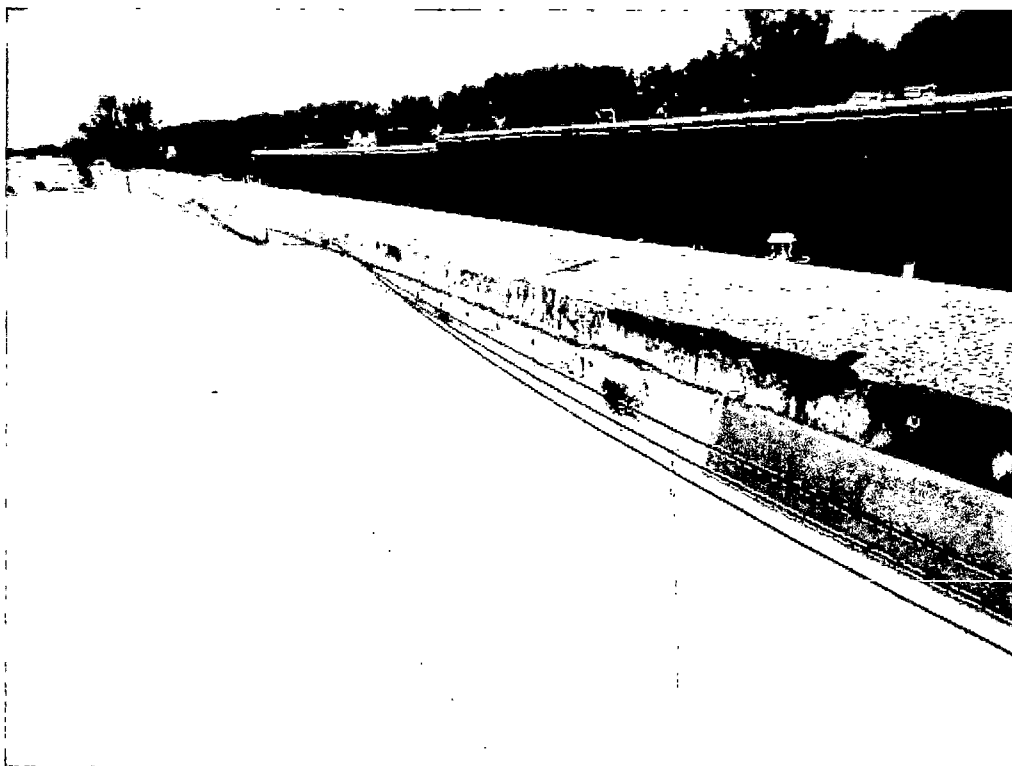
Policy #: S 2003458



21-SAM_7185

Date Taken: 9/25/2018

No damage to the cap flashing



22-SAM_7188

Date Taken: 9/25/2018

Wind damage to one section of edge flashing

Photo Sheet

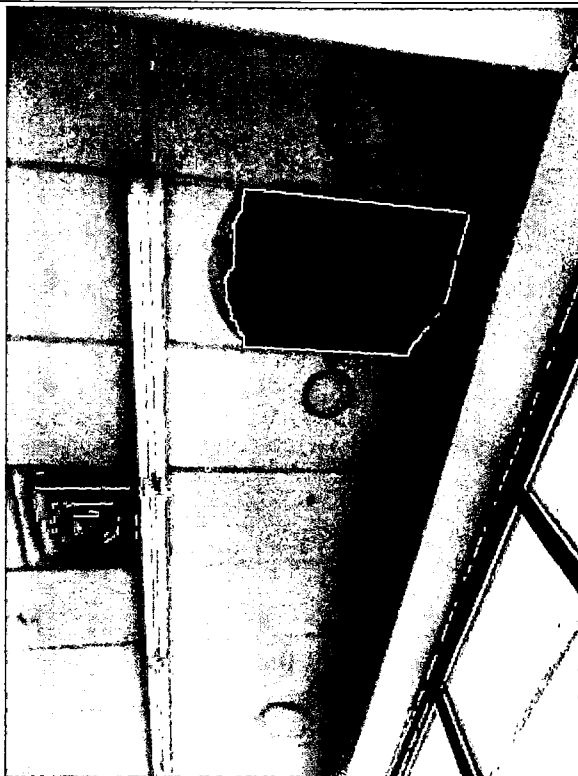
Selective

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Fax: 877-233-1354**

Insured: North Berkeley Development Associates Llc

Claim #: 21906407

Policy #: S 2003458



23-SAM_7304

Date Taken: 9/26/2018

Roof leak in Big Lots



24-SAM_7305

Date Taken: 9/26/2018

Roof leak in Big Lots

Photo Sheet

Selective

PO Box 7259
London, KY 40742
Fax: 877-233-1354

Insured: North Berkeley Development Associates Llc

Claim #: 21906407

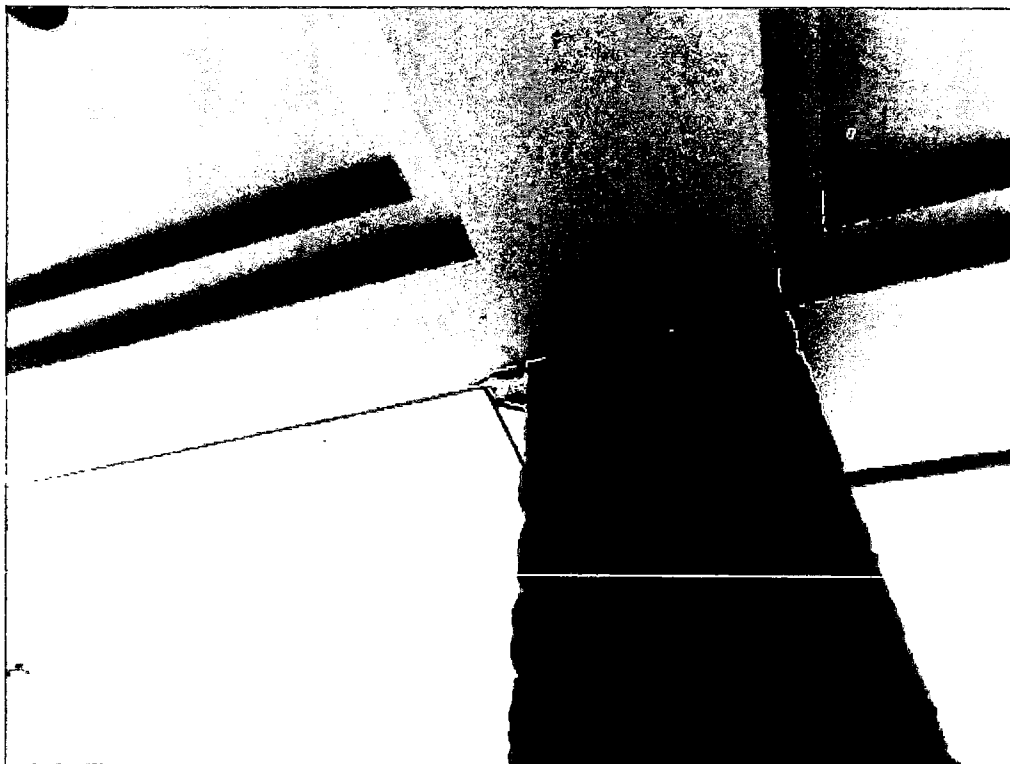
Policy #: S 2003458



25-SAM_7306

Date Taken: 9/26/2018

Roof leak in Big Lots



26-SAM_7307

Date Taken: 9/26/2018

Roof leak in Big Lots

Photo Sheet

Selective

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London, KY 40742
Fax: 877-233-1354

Insured: North Berkeley Development Associates Llc

Claim #: 21906407

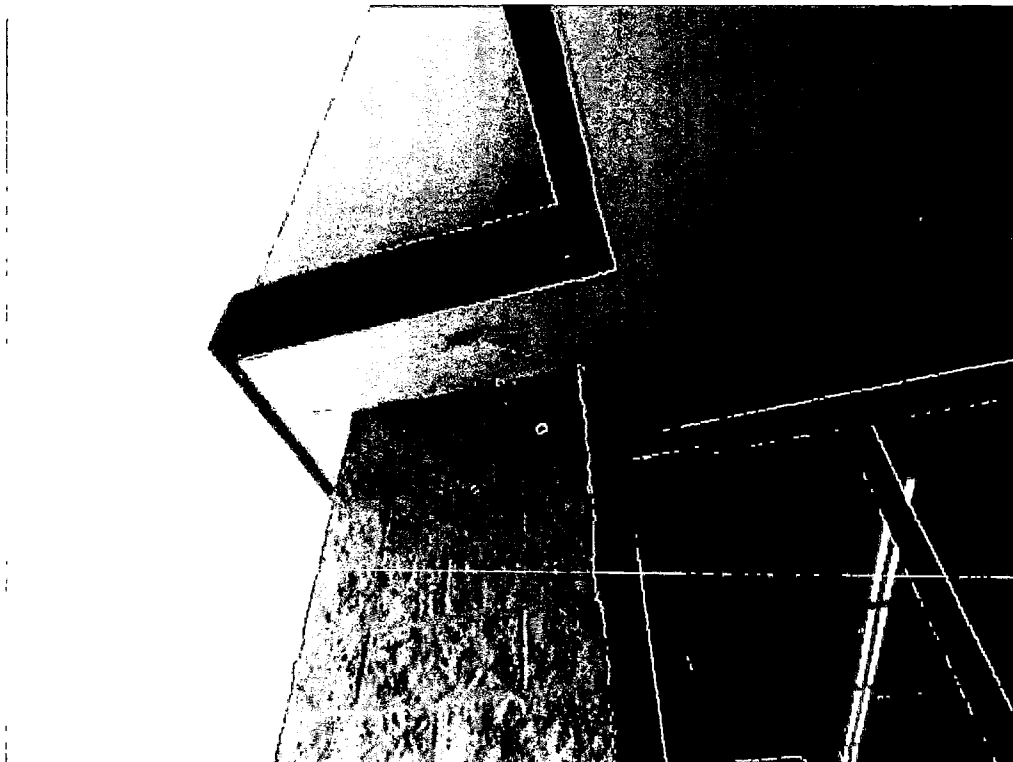
Policy #: S 2003458



27-SAM_7308

Date Taken: 9/26/2018

Roof leak in Big Lots



28-SAM_7309

Date Taken: 9/26/2018

Roof leak in Big Lots

Photo Sheet

Selective

PO Box 7259
London, KY 40742
Fax: 877-233-1354

Insured: North Berkeley Development Associates Llc

Claim #: 21906407

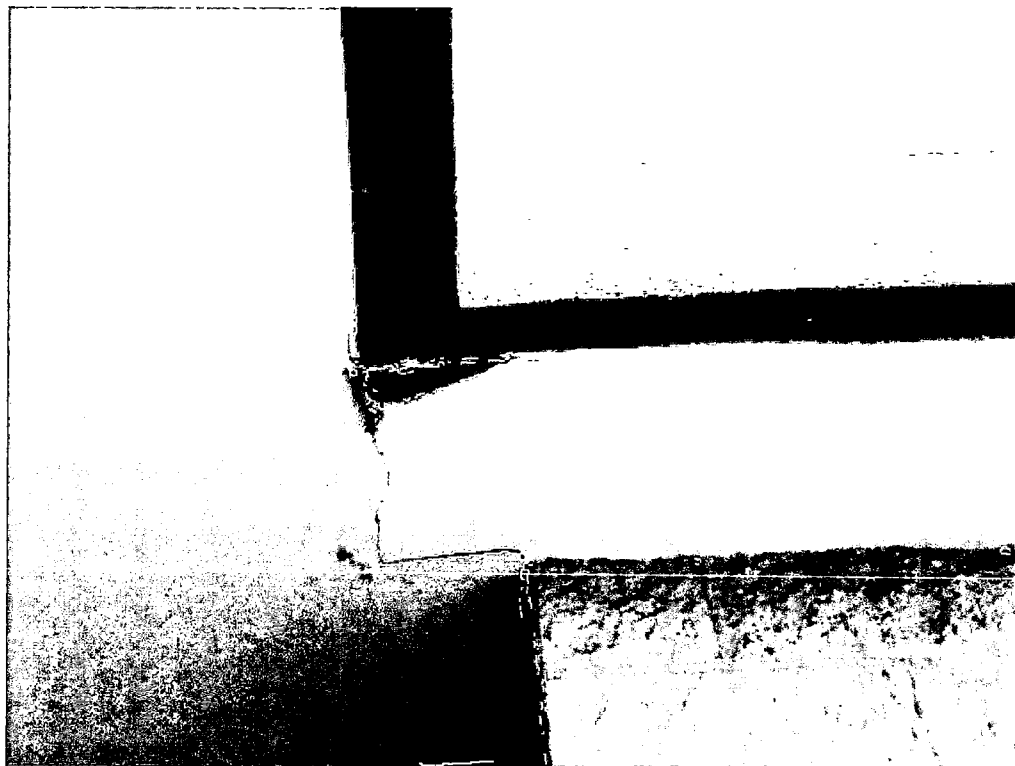
Policy #: S 2003458



29-SAM_7310

Date Taken: 9/26/2018

Roof leak in Big Lots



30-SAM_7311

Date Taken: 9/26/2018

Roof leak in Big Lots

Photo Sheet

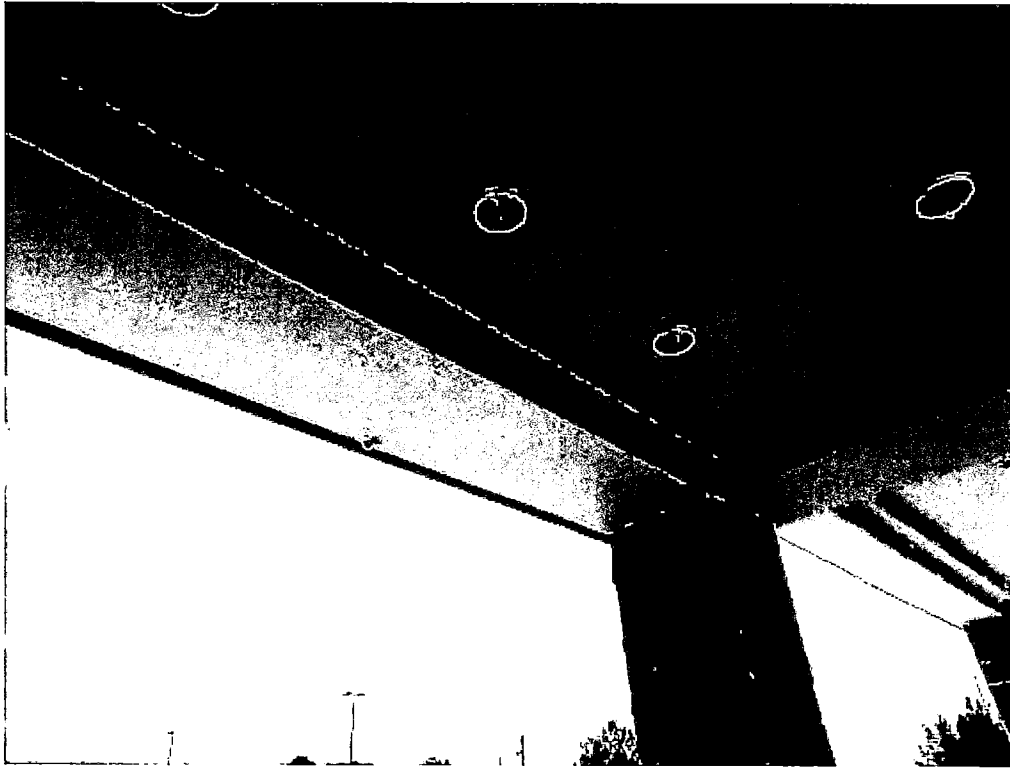
Selective

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Claim #: 21906407

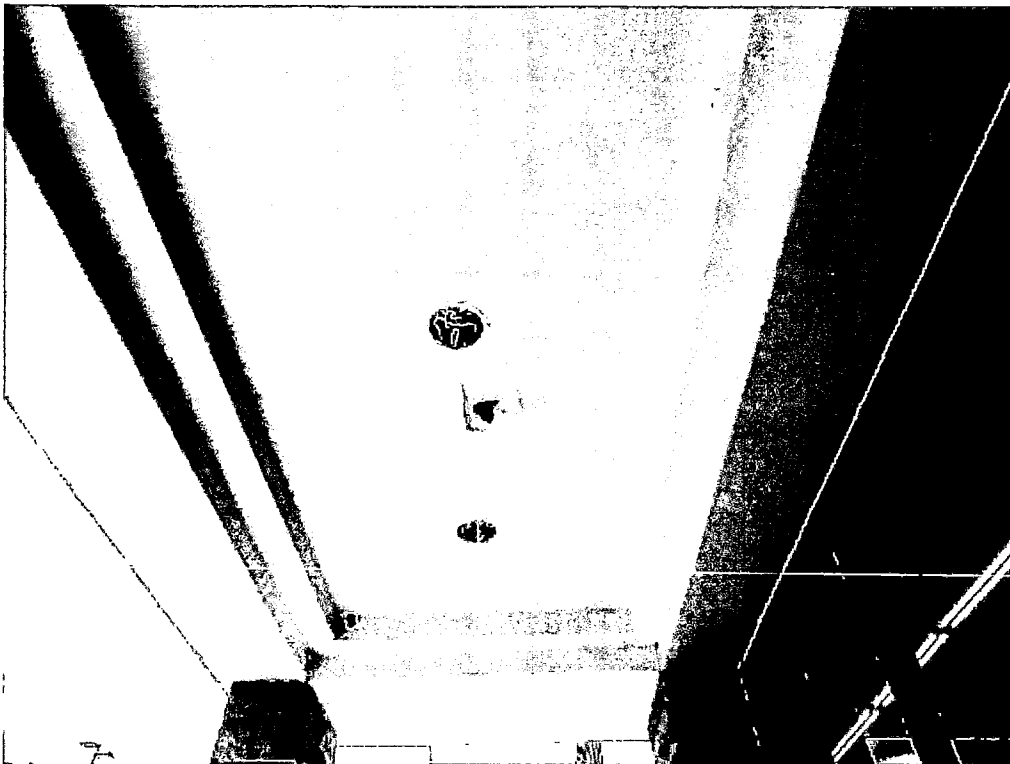
Policy #: S 2003458



31-SAM_7312

Date Taken: 9/26/2018

Roof leak in Big Lots



32-SAM_7314

Date Taken: 9/26/2018

Roof leak in Big Lots

Photo Sheet

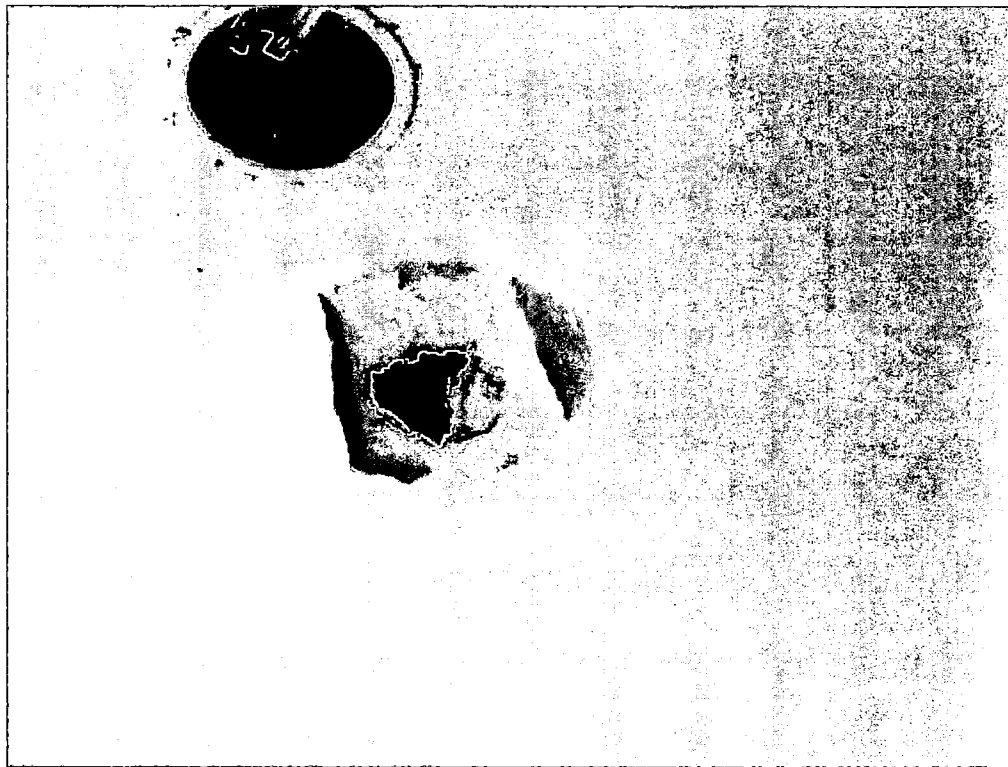
Selective

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Claim #: 21906407

Policy #: S 2003458



33-SAM_7315

Date Taken: 9/26/2018

Roof leak in Big Lots



34-SAM_7316

Date Taken: 9/26/2018

Roof leak in Big Lots

Photo Sheet

Selective

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Insured: North Berkeley Development Associates Llc

Claim #: 21906407

Policy #: S 2003458



35-SAM_7317

Date Taken: 9/26/2018

Roof leak in Big Lots



36-SAM_7318

Date Taken: 9/26/2018

Gold's gym, water ran down the wall
from the roof leak

Photo Sheet

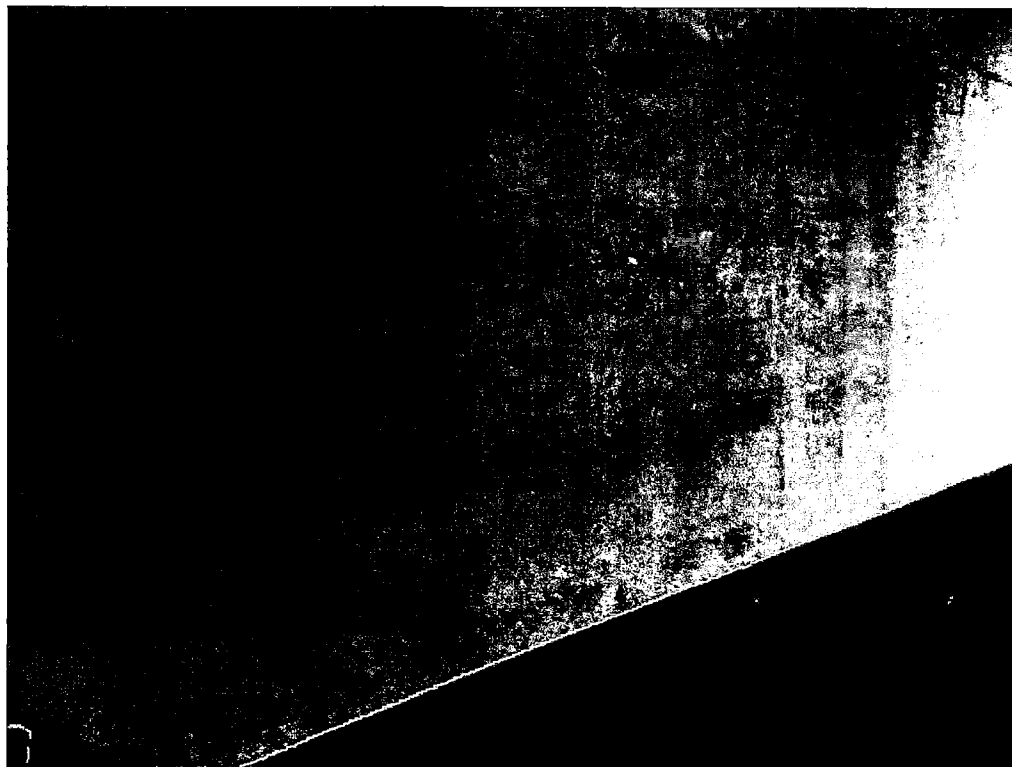
Selective

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Insured: North Berkeley Development Associates LLC

Claim #: 21906407

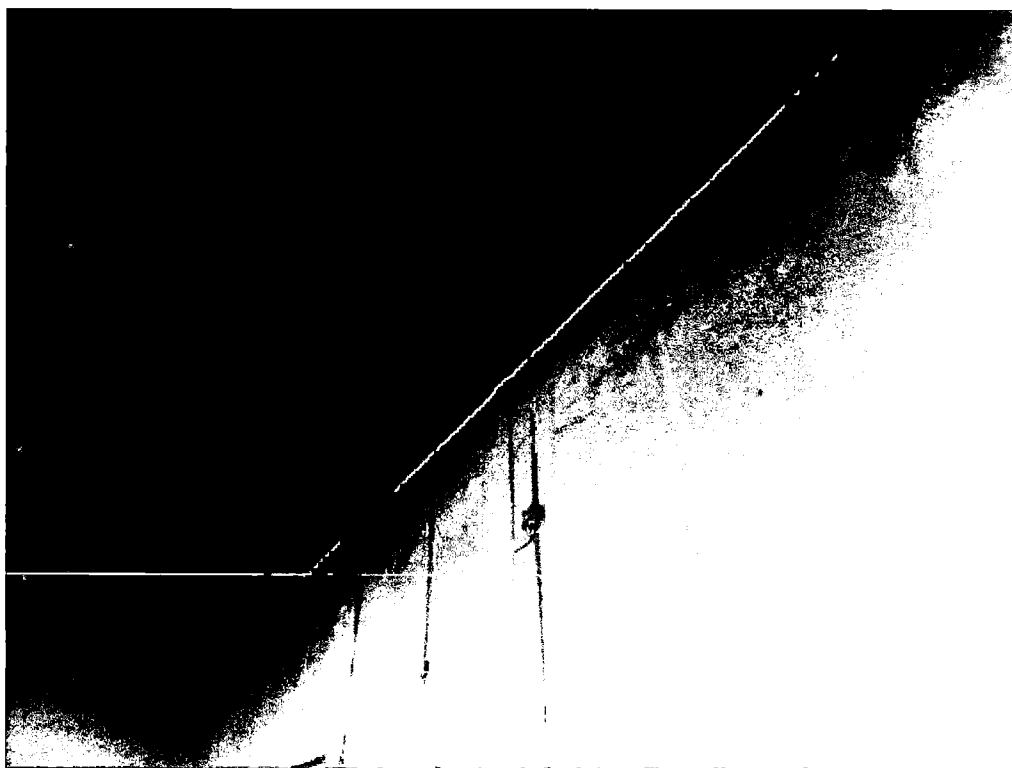
Policy #: S 2003458



37-SAM_7319

Date Taken: 9/26/2018

Golds gym, water ran down the wall
from the roof leak



38-SAM_7320

Date Taken: 9/26/2018

Golds gym, water ran down the wall
from the roof leak

Photo Sheet

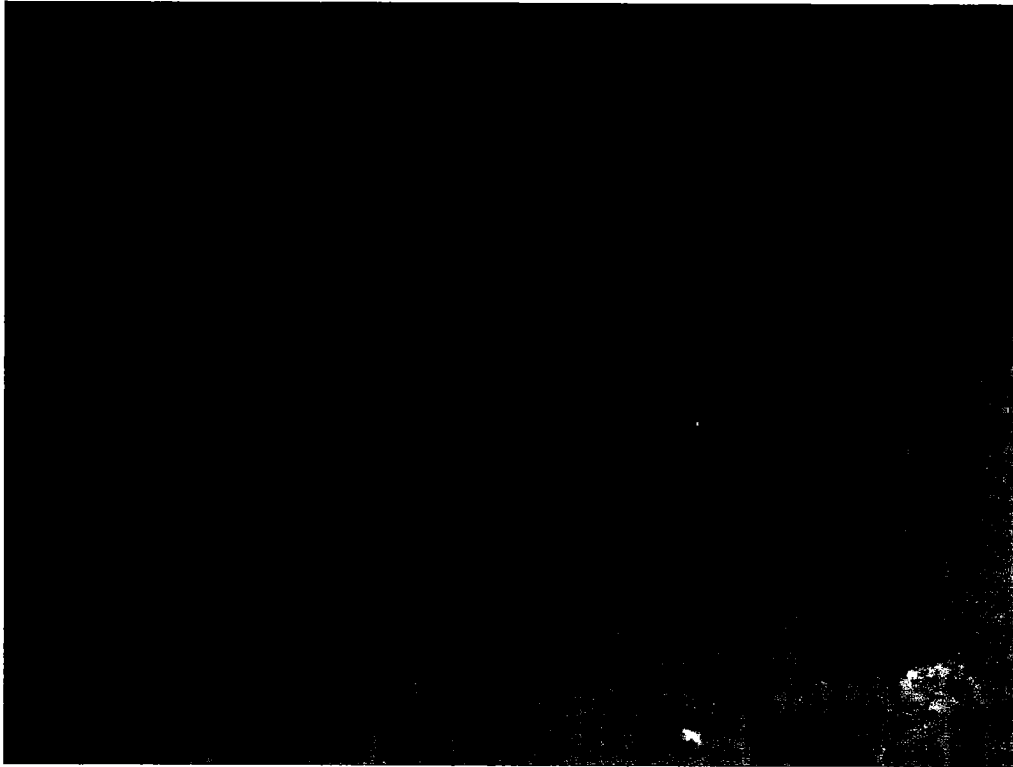
Selective

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Insured: North Berkeley Development Associates Llc

Claim #: 21906407

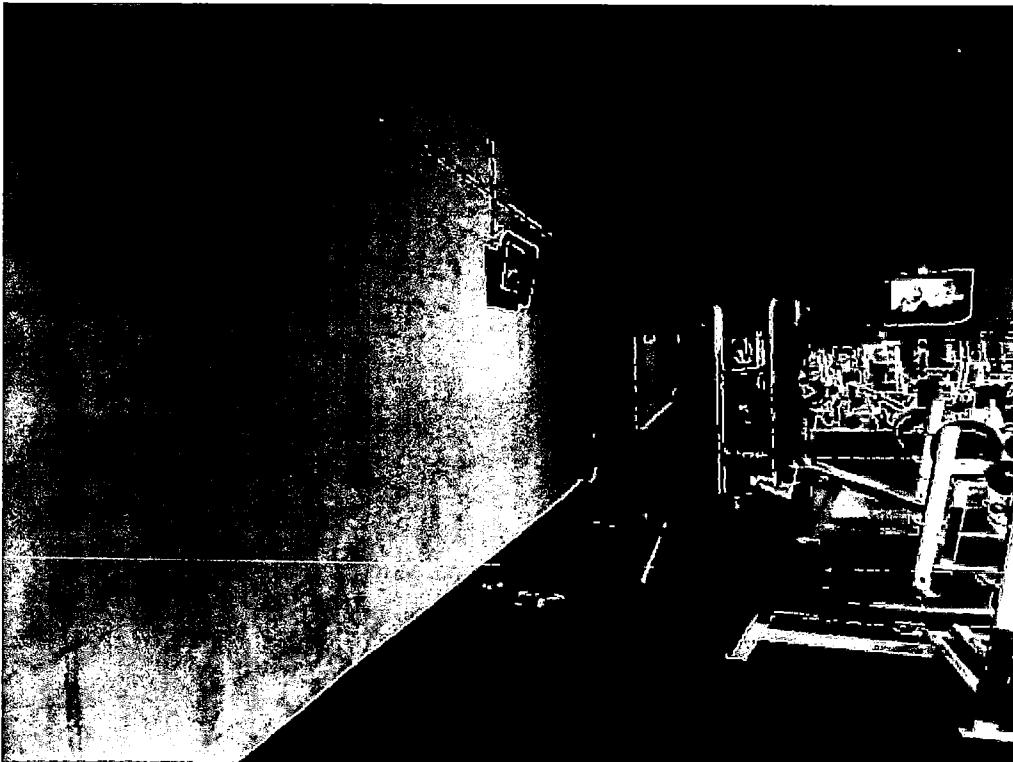
Policy #: S 2003458



39-SAM_7321

Date Taken: 9/26/2018

Golds gym, water ran down the wall
from the roof leak



40-SAM_7322

Date Taken: 9/26/2018

Golds gym, water ran down the wall
from the roof leak

Photo Sheet

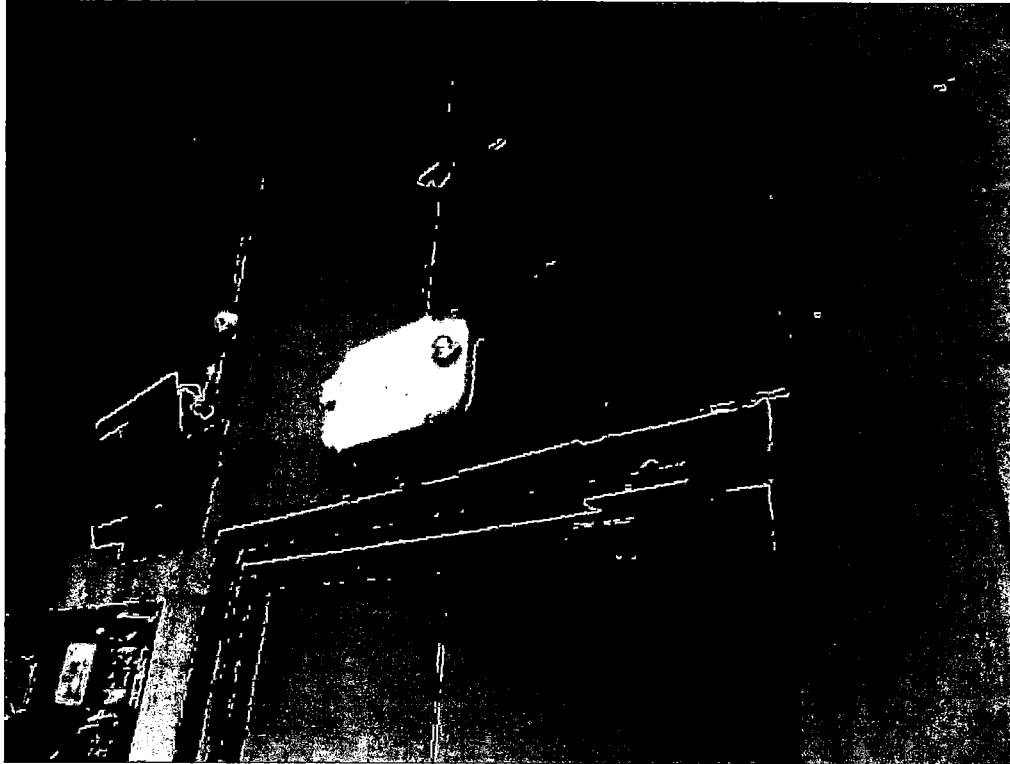
Selective

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Insured: North Berkeley Development Associates Llc

Claim #: 21906407

Policy #: S 2003458



41-SAM_7323

Date Taken: 9/26/2018

Golds gym, water intrusion through the wall



42-SAM_7324

Date Taken: 9/26/2018

Golds gym, water intrusion through the door frame

Photo Sheet

Selective

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Insured: North Berkeley Development Associates Llc

Claim #: 21906407

Policy #: S 2003458



43-Big Lots

Date Taken:

Big lots roof leak



44-Golds Gym (a)

Date Taken: 9/15/2018

Golds gym roof leak

Photo Sheet

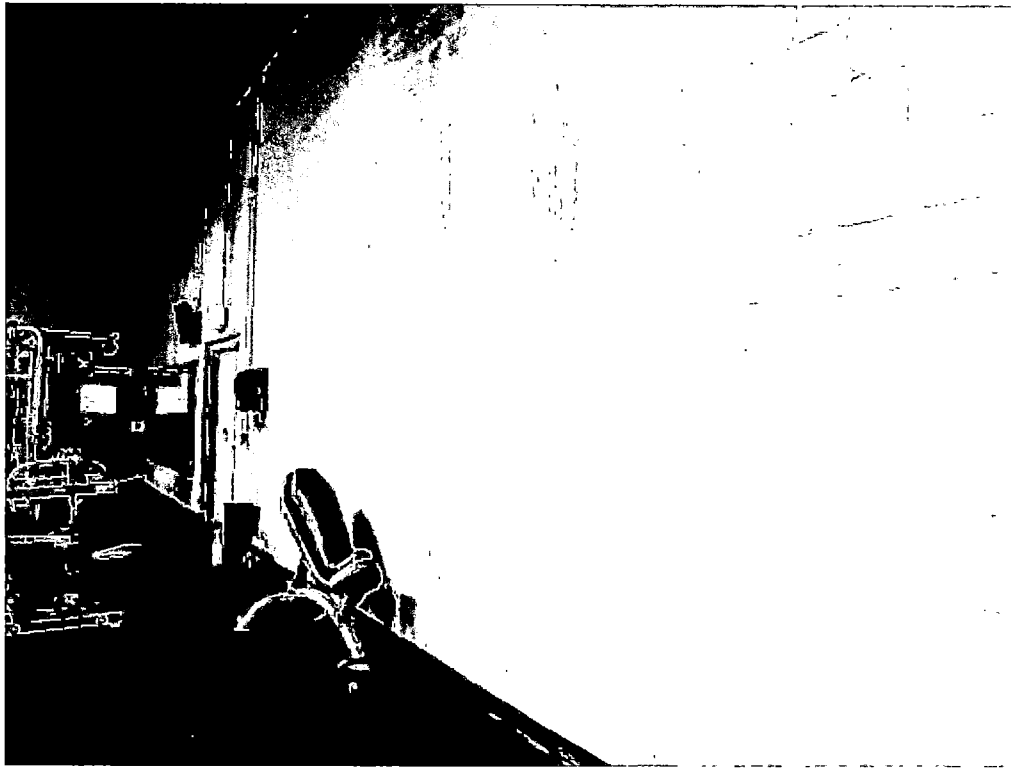
Selective

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London, KY 40742
Fax: 877-233-1354**

Insured: North Berkeley Development Associates Llc

Claim #: 21906407

Policy #: S 2003458



45-Golds Gym (b)

Date Taken: 9/15/2018

Golds gym roof leak



46-Golds Gym (c)

Date Taken: 9/15/2018

Golds gym roof leak

Photo Sheet

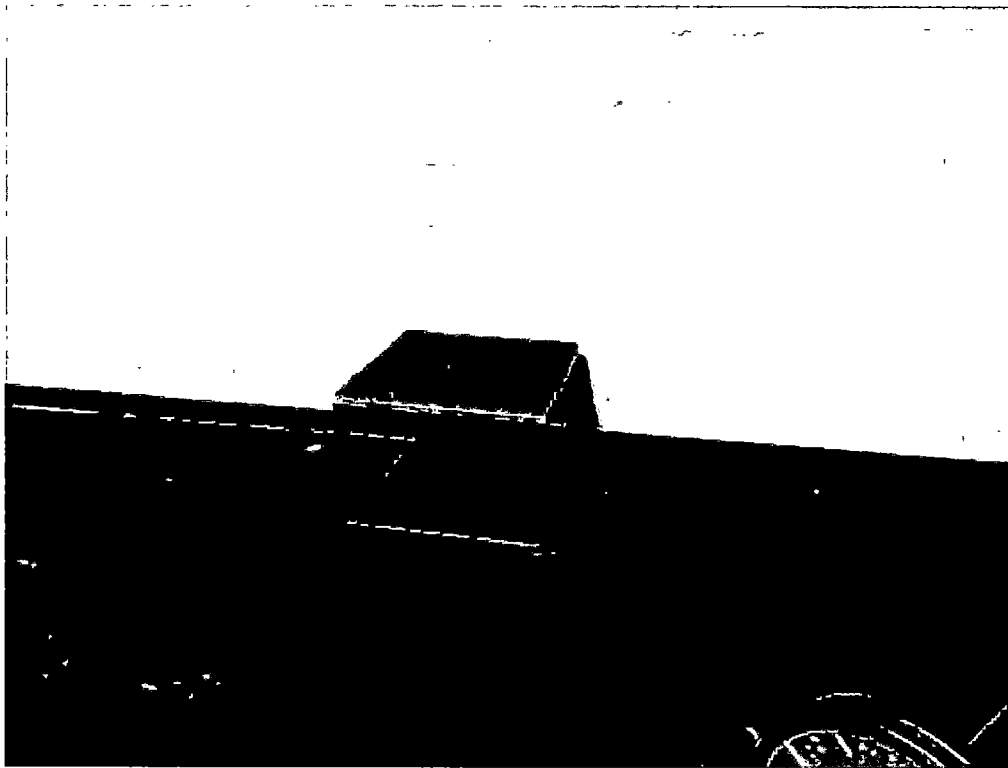
Selective

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Insured: North Berkeley Development Associates Llc

Claim #: 21906407

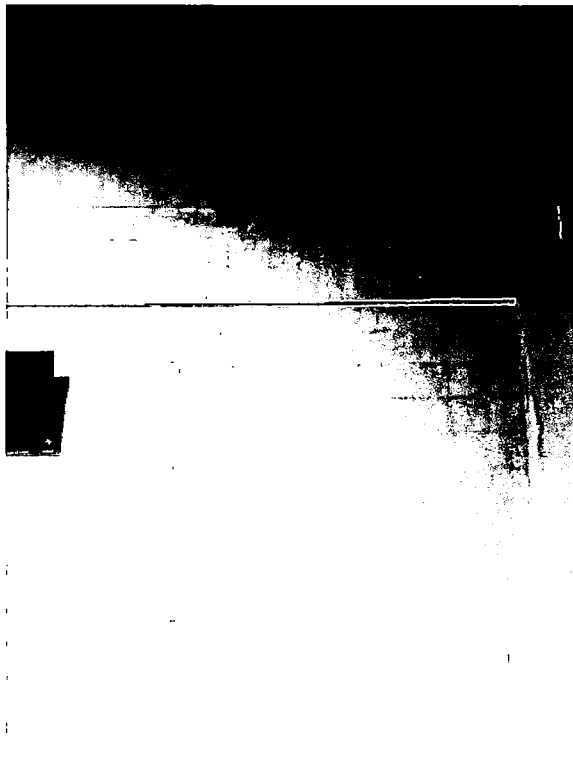
Policy #: S 2003458



47-Golds Gym (d)

Date Taken: 9/15/2018

Golds gym roof leak



48-Golds Gym (e)

Date Taken: 9/15/2018

Golds gym roof leak

Carolina Foam Insulation, Inc.

P.O. Box 667

Dunn, NC 28335

Phone: 1-800-682-4330 or (910)892-7910

Fax: (910)892-8793

E-mail: carolinafoam@earthlink.net

www.carolinafoam.com

EXHIBIT C

Job Information :

storm damage roof repairs

Date:10-21-2018

To:

North Berkeley Dev Assoc.

For:

Goldsboro Berkeley Plaza

DESCRIPTION	QUANTITY	UNIT PRICE	AMOUNT
Big Lots- Inspect roof for damage. Repair and replace counterflashing. Repair puncture in roof membrane. Repair and seal flashing at front canopy	4men @3hrs 12 man hrs	\$42.50 per man hr	\$510.00
Books a Million - Inspect roof. Replace AC door blown off allowing rain water to enter store.	2 men@1 hr 2 man hrs	\$42.50 per man hr	\$85.00
Golds Gym- Inspect roof for damage.	2 men @ 1 hr	\$42.50 per man hr	\$85.00
Armed forces- Inspect roof. Repair counterflashing cover patch (EPDM) Inspect and locate source of outside odors	2 men @ 2hr 4 man hrs	\$42.50 per man hr	\$170.00
TOTAL			\$850.00

Thank you for your business!

CLAYTON W. CHEEK
BENJAMIN R. EISNER
GEORGE MASON OLIVER
CIARA L. ROGERS
LINDA B. GREEN



405 MIDDLE STREET
P.O. Box 1548
NEW BERN, NC 28563
www.olivercheek.com

TELEPHONE: (252) 633-1930
FACSIMILE: (252) 633-1950

EXHIBIT D

October 19, 2020

Selective Insurance Company
Attn: Thomas Schamens
PO Box 7259
London, KY 40742
csvcenter@selective.com

Re: North Berkeley Development Associates, LLC/ Damage Due to Hurricane Florence
Policy No.: S 2003458
Claim No.: 21906407
Property Addresses:
1310 Parkway Drive, Goldsboro, NC 27534; and
1312 Parkway Drive, Goldsboro, NC 27534

Dear Mr. Schamens:

As you are aware, I represent North Berkeley Development Associates, LLC with regard to the above referenced matter. On September 14, 2018, Hurricane Florence made landfall in Eastern North Carolina producing strong winds throughout the eastern part of the state. My client filed a claim and on September 21, 2018 Selective Insurance ("Selective") inspected 1310 and 1312 Parkway Drive, Goldsboro, North Carolina (the "Properties"). Selective's inspection noted wind damage, however Selective's September 26, 2018 estimate erroneously determined the amount of Properties' wind damage to be \$583.33 and no payment was issued.

Mike P. Lester, a professional engineer with Element Analytical, PLLC, and Ray Neelon of Neelon R. Associates conducted an inspection of the Properties on June 30, 2020. Mr. Lester's inspection of 1312 Parkway Drive found the "...membrane roofing at this site is experiencing apparent water intrusion at a few areas as evidenced by witness statements and observed conditions. " The engineering report further states that "observations and repair invoicing indicate some substrate damages probable because of membrane punctures likely associated with intrusion after windborne debris impact, which can occur at experienced wind speeds...In summary, windborne debris impact likely resulted in limited roofing damages above the 1312 building, and wind likely dislodged a section of flashing over that building." A copy of the Element Analytical, PLLC report is enclosed for reference.

The insured has hired Carolina Foam Insulation, Inc. ("Carolina Foam") for many years to maintain and repair the roof of the Properties as needed. I have enclosed the invoices for the roof repairs completed since Hurricane Florence, which include Carolina Foam's recorded observations regarding the damage done to the Properties by Hurricane Florence. These observations include: "[r]epair and replace counterflashing. Repair puncture in roof membrane.

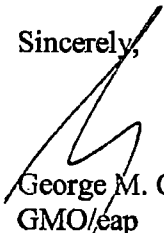
Repair and seal flashing at front canopy"; "[r]eplace AC door blown off allowing rain water to enter store"; "[r]epair counterflashing cover patch (EPDM)"; "[r]epair wall flashing at front wall electrical tray"; and "[r]epair cuts in TPO membrane (near AC Unit)".

Also enclosed is the report by Neelon R. Associates, which assesses the wind claim to be \$3,824,512.50.

As you can see from the enclosed documents, the insured's damages from Hurricane Florence were far more extensive than Selective understood. Please review the enclosed documents and issue a supplemental payment for the wind claim in the amount of \$3,824,512.50. All payments should be made payable to North Berkeley Development Associates, LLC and delivered to my law firm's address in New Bern, North Carolina.

Please contact me should you have any questions regarding this matter.

Sincerely,

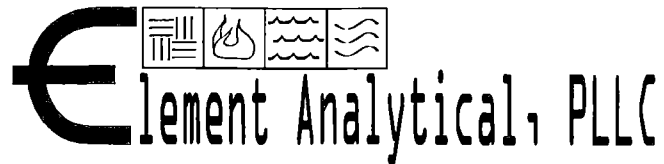


George M. Oliver

GMO/eap

Enclosures as stated

cc: Mr. Tolson – *via email*



September 24, 2020

Mr. George M. Oliver
Law Offices of Oliver & Cheek, PLLC
Post Office Box 1548
New Bern, North Carolina 28563

Subject: Roofing Damage Evaluation
Client: North Berkeley Development Associates, LLC
Loss Location: 1310 & 1312 Parkway Drive
Goldsboro, North Carolina 27534
Element File: 20-0100-01

Dear Mr. Oliver:

On June 15, 2020, you retained Element Analytical, PLLC to conduct an engineering inspection and evaluation of reported damages at the subject building from Hurricane Florence (2018). I offer the ensuing conclusions expressed to a reasonable degree of certainty based on my observations and information obtained to date. I reserve the right to supplement or modify the analysis, opinions, and conclusions presented in this report, to the extent necessary, should additional relevant information become available.

I examined portions of the building on June 30, 2020, in the company of your representative, Ray Neelon of Neelon R. Associates, LLC. Mr. Neelon arranged access into two tenant spaces in the 1312 building through contact with personnel of tenants Staples and Gold's Gym. We accessed the 1310 building rooftop via portable ladder and portions of the 1312 rooftop via fixed ladder; however, we were unable to access the end roof sections of the 1312 building. I obtained limited background information from store personnel and from Mr. Neelon. I returned to the site on August 12, 2020, to examine remaining roof sections of 1312, conduct a brief interior re-examination of the Staples tenant space, and perform infrared (IR) survey of the Staples interior with a FLIR E95 IR imager. I also scanned the various rooftop sections of the 1312 building utilizing the same FLIR instrument. I documented conditions with notes, sketches, and photographs, and several captioned images depicting my observations follow this text.

The 1310 building, comprising masonry and steel framing, is slightly angled, and it faces east of northeast. The 1312 building, also of masonry and steel framing faces south of southeast. For discussion purposes, the 1310 and 1312 buildings area taken to face easterly and southerly cardinal directions, respectively. All roof sections over both buildings are covered with membrane

Element Analytical, PLLC
Post Office Box 10911 Knightdale, North Carolina 27545
(888) 875-5973 (phone/fax) www.elementanalytical.com NC PE Firm P-0658
Providing Engineering Analysis, Investigation, and Inspection Solutions.

Mr. George M. Oliver

Re: North Berkeley Development Associates, LLC – Roofing Damage Evaluation

Location: 1310 & 1312 Parkway Drive, Goldsboro, NC

September 24, 2020

roofing. I approximate the 1310 building having an average width (north-south direction) of 168' wide and being 68' deep. The main section of the 1312 building is approximately 244' wide (east-west direction) and 308' deep (north-south direction). The western addition is about 70' wide by 74' deep, the first eastern section about 20' wide by 193' deep, and the easternmost section about 100' wide by 140' deep. Online property records¹ indicated North Berkeley Associates, LLC acquiring both properties in 1998, listed no date of construction for the buildings, and indicated a previous deed date in 1988.

Personnel from Gold's Gym, which occupies the central northern section of 1312, related water intrusion at a couple locations, while tenant personnel in the Staples store, occupying mainly the southern portion of 1312, indicated water intrusion at several locations in their retail space, pointing out a couple wastebasket catchments placed on the floor. The underside of the metal roof deck exhibited no readily visible indications of ongoing intrusion, such as staining or corrosion. We examined no other interior spaces.

At the rooftop of 1310, stone ballast rested atop EPDM membrane; however, the ballast had been repositioned at several areas to presumably effect membrane repairs. The substrate of the 1310 building appeared firm under foot. At the 1312 rooftop, EPDM membrane covered the western building extension and the narrow first eastern section; however, TPO membrane covered the large main and the easternmost sections. I observed membrane repair patches dispersed across the rooftop surfaces of all roof sections on both buildings. As I traversed the various sections of the 1312 building, I noted softened substrate along the northern margin of the west section and various areas near the northern side of the larger roof section (above Staples and Gold's Gym). I detected no readily discernible softened areas in the two eastern sections.

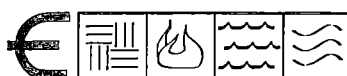
IR imagery from my survey, which commenced just after sundown, was unremarkable for the presence of bulk moisture beneath any roofing membrane area.

Review of aerial imagery² revealed the current roofing over the larger section of 1312 installed between February 2013 and November 2014. Study of the imagery also indicates roofing atop the westernmost and easternmost building sections of 1312, along with the roofing of 1310, likely being original to construction. Additionally, some of the imagery depicts a history of ballast manipulation, presumably to effect repairs, that remained present during my inspection. Moreover, most of the ballast-cleared areas predated Hurricane Florence (September 2018).

During the course of my evaluation, I received copies of invoicing dated September 6, 2017, October 21, 2018, and January 10, 2019, for work performed at the site by Carolina Foam Insulation, Inc. (CFI). The CFI earlier dated invoice referenced repairs to flashing and EPDM membrane at the "Big Lots..Side roof next to [Books-A-Million]" in May 2017 and "Mattress Firm..Multiple cuts and leaks in EPDM membrane" in June 2017. The second invoice in the

¹ <https://wayne.connectgis.com/Map.aspx>

² <https://www.google.com/earth/>



Mr. George M. Oliver

Re: North Berkeley Development Associates, LLC – Roofing Damage Evaluation

Location: 1310 & 1312 Parkway Drive, Goldsboro, NC

September 24, 2020

sequence referenced some flashing repairs and a membrane puncture over Big Lots, inspection of the roofing over Gold's Gym, and repair to counterflashing over "Armed forces." The final invoice described repair to wall flashing, repair of cuts in the TPO membrane, and re-caulking of wall flashing at Books-A-Million. Work associated with the last two invoices occurred shortly after Hurricane Florence.

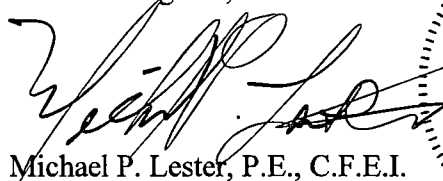
As part of my investigation, I obtained a site-specific wind report³, which included wind gusts reaching a 40 MPH threshold since January 2009. The fastest reported wind gust was 67 MPH on July 11, 2019, followed by a 66 MPH gust on January 13, 2020. Reported gusts for September 14 (Hurricane Florence) and 16, 2018, were 61 MPH and 62 MPH, respectively, with 62 MPH gusts also recorded on August 27, 2011 (Hurricane Irene) and July 7, 2016. Overall, the data indicates wind gusts associated with Hurricane Florence were less severe than other and more recent wind gust events.

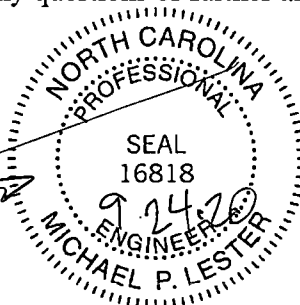
The wind data indicate the September 2018 wind gust events commensurate with other gusts before and after Hurricane Florence. Basic wind pressure calculated for this locale from the reported winds during Hurricane Florence indicate relatively low uplift pressures experienced during Hurricane Florence. Nonetheless, the membrane roofing at this site is experiencing apparent water intrusion at a few areas as evidenced by witness statements and observed conditions. The only readily visible wind-damaged component present was a section of parapet wall flashing along the east side of the larger roof section over 1312. However, observations and repair invoicing indicate some substrate damages probable because of membrane punctures likely associated with intrusion after windborne debris impact, which can occur at experienced wind speeds. The roofing repair contractor can be consulted to identify specific Hurricane Florence-related puncture areas to permit substrate evaluation at those locations.

In summary, windborne debris impact likely resulted in limited roofing damages above the 1312 building, and wind likely dislodged a section of flashing over that building; however, no storm damages were discernible above the 1310 building.

Please contact me with any questions or further analysis needs.

With best regards,

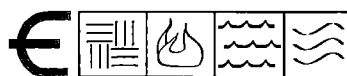

Michael P. Lester, P.E., C.F.E.I.



Attachments: Photographs (26)

Appendix A – CoreLogic Wind Verification Report #12067510 (4 pp)

³ CoreLogic Wind Verification Report #12067510 (see Appendix A)

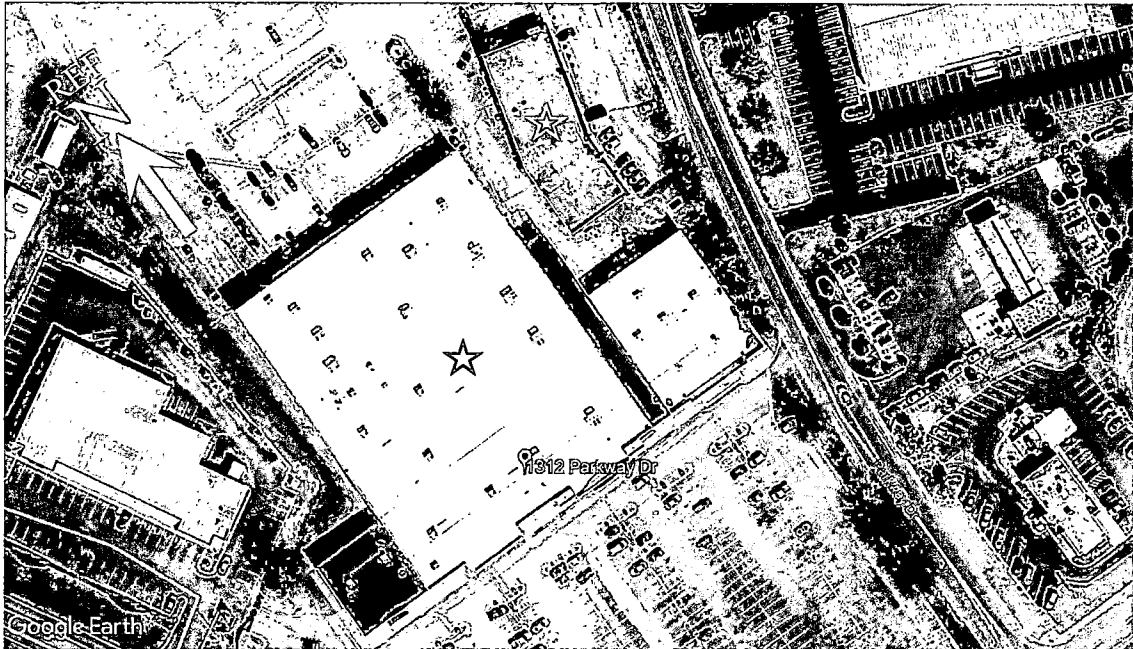


Mr. George M. Oliver

Re: North Berkeley Development Associates, LLC – Roofing Damage Evaluation

Location: 1310 & 1312 Parkway Drive, Goldsboro, NC

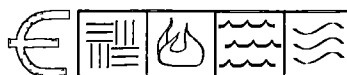
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Photograph 1: This aerial image extracted from Google Earth depicts the footprint and orientation of each building (indicated by stars), with 1310 being the smaller of the two. A graphic in the upper left corner indicates reference North. The larger building has four separate roofing areas with adhered membrane coverings, while the smaller building has a ballasted membrane covering.



Photograph 2: This view depicts the east elevation of the 1310 building.



Mr. George M. Oliver

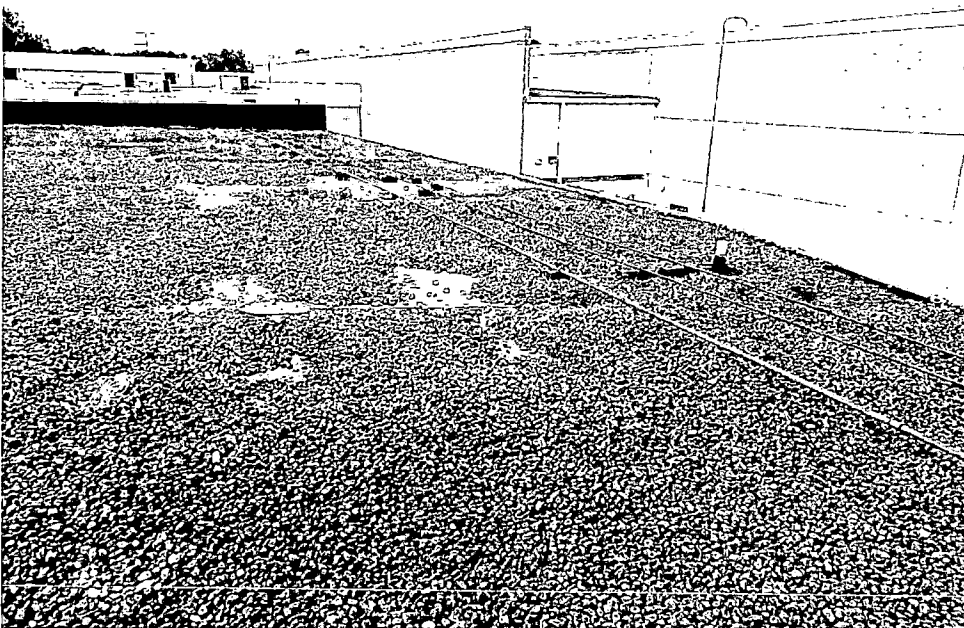
Re: North Berkeley Development Associates, LLC – Roofing Damage Evaluation

Location: 1310 & 1312 Parkway Drive, Goldsboro, NC

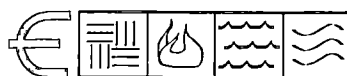
September 24, 2020



Photograph 3: This northerly view depicts general conditions atop the 1310 building. Ballast had been previously rearranged presumably to effect repairs.



Photograph 4: This southerly view atop the 1310 building depicts general conditions. I observed no wind damages to this roofing. The 1312 building is in the background, with portions of the two smaller eastern sections visible.



Mr. George M. Oliver

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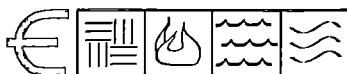
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Photograph 5: This view depicts the western portion of the south elevation of 1312.



Photograph 6: This view depicts the eastern portion of the south elevation of 1312.



Mr. George M. Oliver

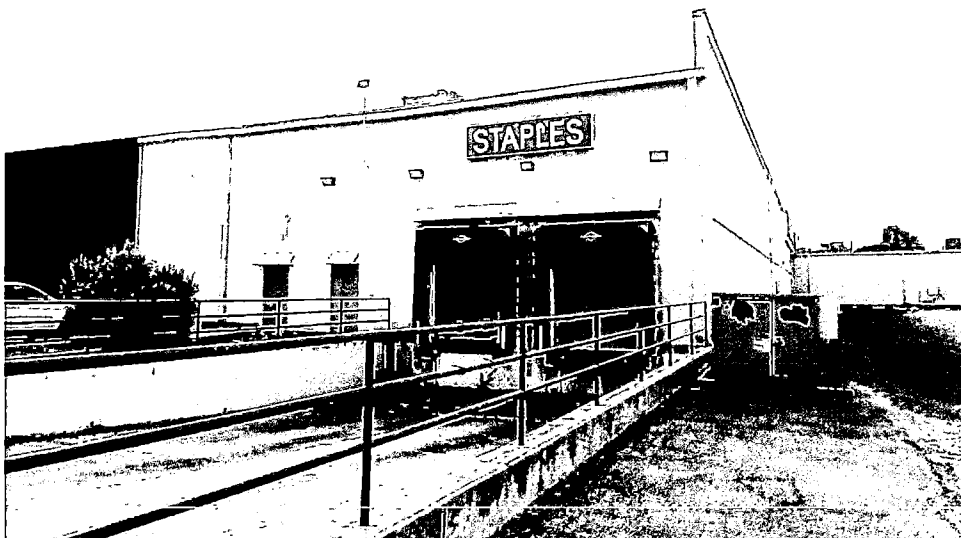
Re: North Berkeley Development Associates, LLC – Roofing Damage Evaluation

Location: 1310 & 1312 Parkway Drive, Goldsboro, NC

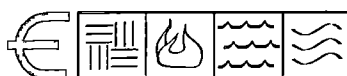
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Photograph 7: This view depicts a portion of the north elevation.



Photograph 8: This image depicts a portion of the north elevation.



Mr. George M. Oliver

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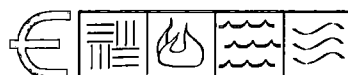
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Photograph 9: One of the leakage areas pointed out in Gold's Gym was this window head, where water staining is apparent.



Photograph 10: The underside of the ribbed roof decking in the Gold's Gym space was absent indications of ongoing intrusion.



Mr. George M. Oliver

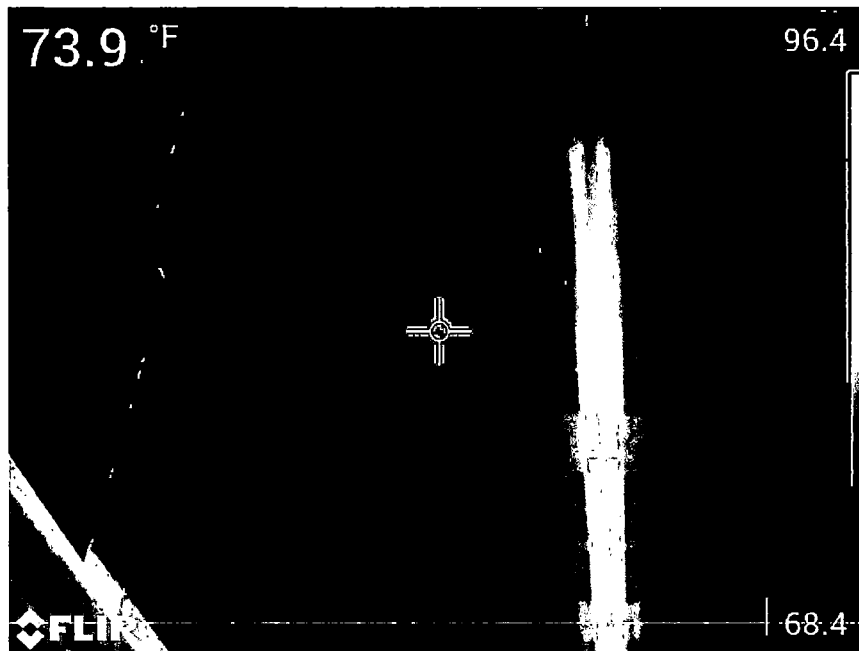
Re: North Berkeley Development Associates, LLC – Roofing Damage Evaluation

Location: 1310 & 1312 Parkway Drive, Goldsboro, NC

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Photograph 11: This easterly view near the north end of the Staples retail space shows general conditions, with a circle surrounding a wastebasket partially filled with water that dripped from the roof.



Photograph 12: IR detection of bulk moisture above metal decking is limited because the metal roof decking's temperature is less likely to be altered by entrapped moisture.

Mr. George M. Oliver

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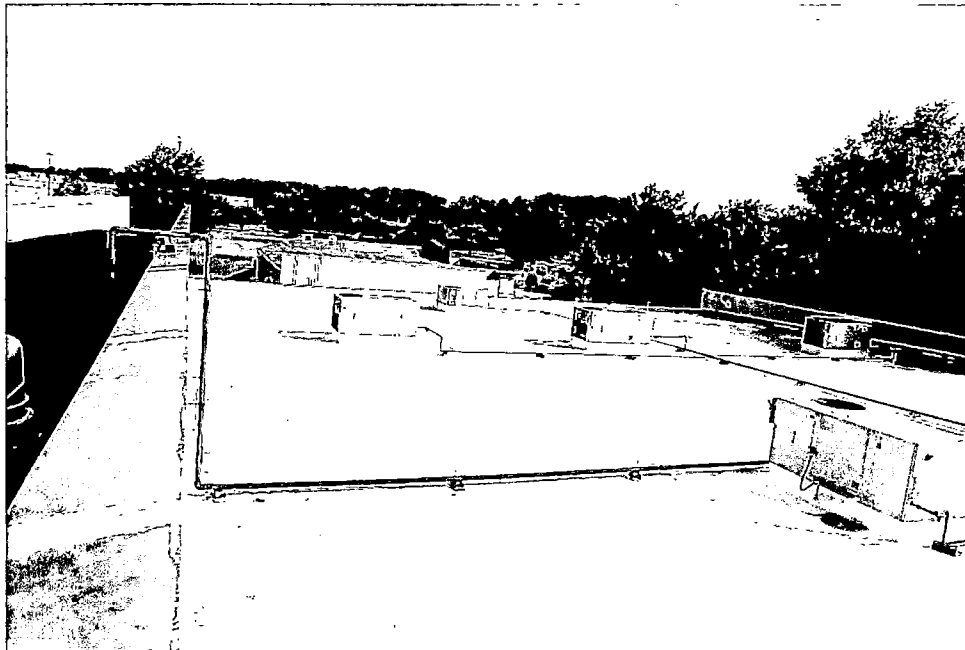
Photographs 13 (top) and 14 (bottom): Efflorescence and peeling coatings on the inside of the west CMU wall of the Staples stock area was indicative of moisture migration, and IR imagery affirmed moisture collection, as illustrated by the darker regions in the lower image.

Mr. George M. Oliver

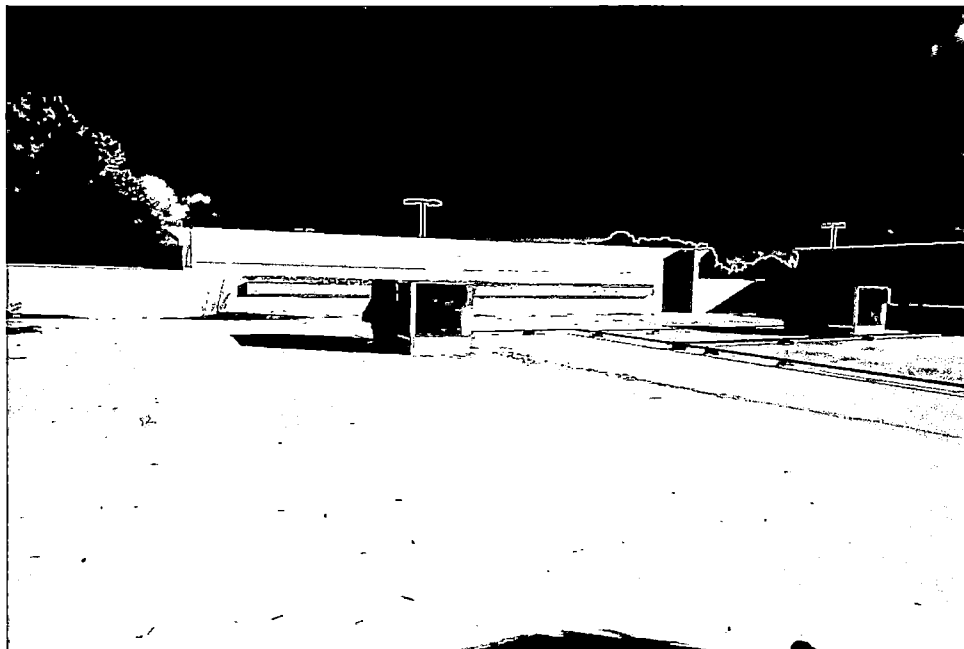
Re: North Berkeley Development Associates, LLC – Roofing Damage Evaluation

Location: 1310 & 1312 Parkway Drive, Goldsboro, NC

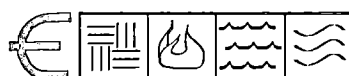
September 24, 2020



Photograph 15: This northeasterly view over the eastern section of 1312 depicts general conditions.



Photograph 16: This southerly view depicts conditions atop the easternmost roof section of 1312.

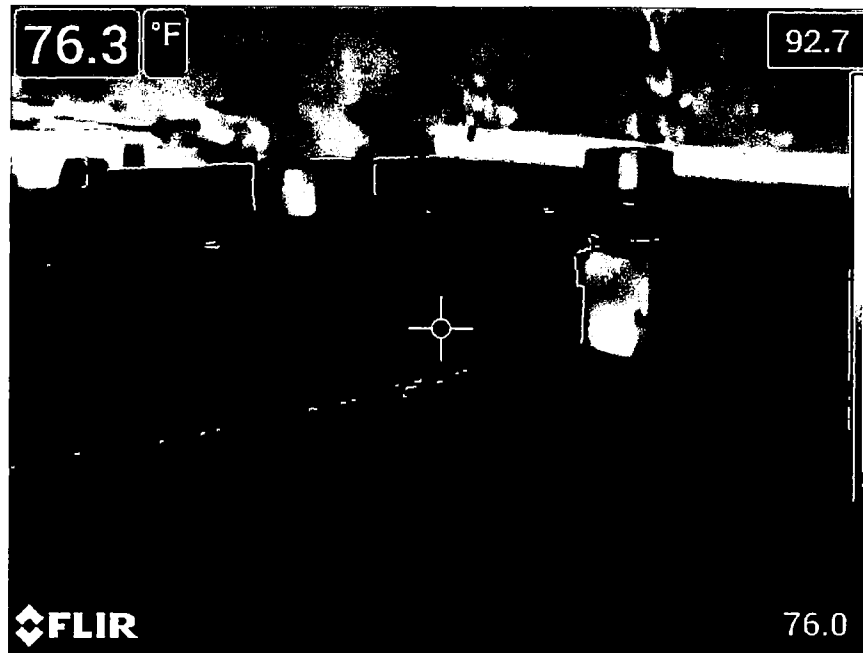


Mr. George M. Oliver

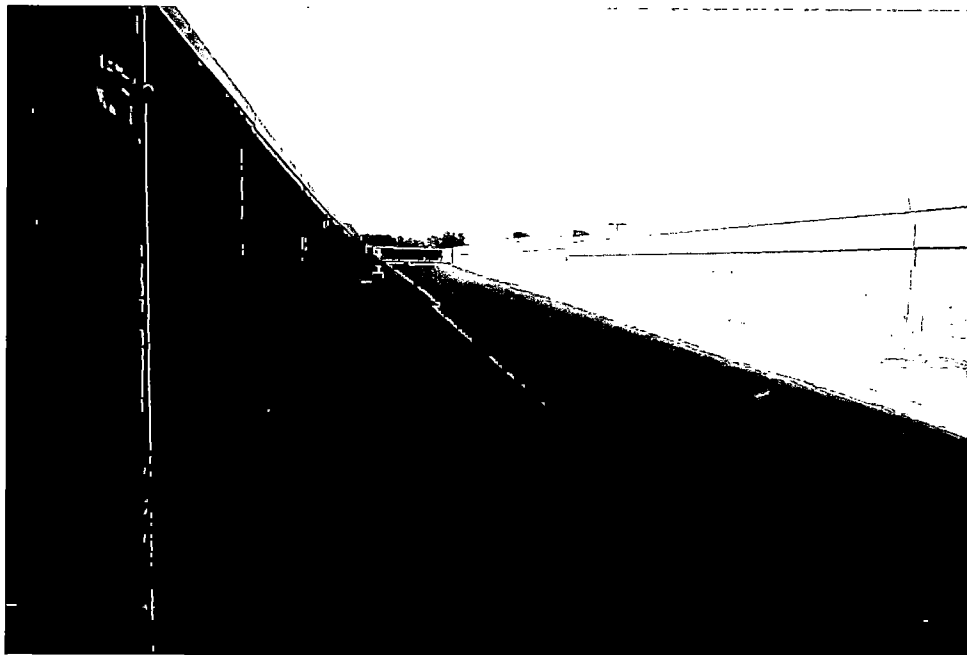
Re: North Berkeley Development Associates, LLC – Roofing Damage Evaluation

Location: 1310 & 1312 Parkway Drive, Goldsboro, NC

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Photograph 17: This IR illustrates a northeasterly view over the easternmost roof, with no indications of bulk moisture presence.



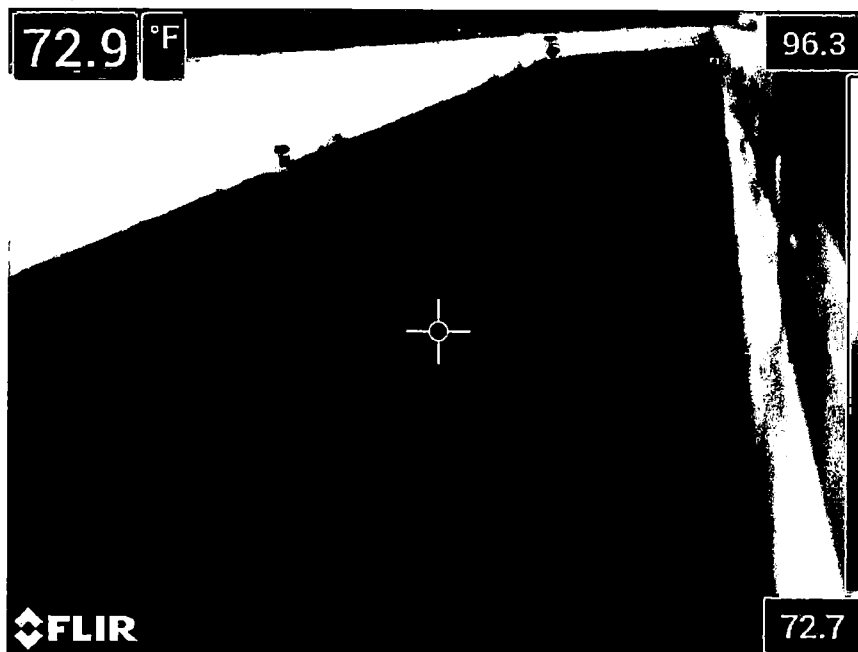
Photograph 18: This northerly view of the first section east of the main section looks upslope.

Mr. George M. Oliver

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Photograph 19: IR scans revealed no clear indications of substrate moisture in the narrow section east of the main section.



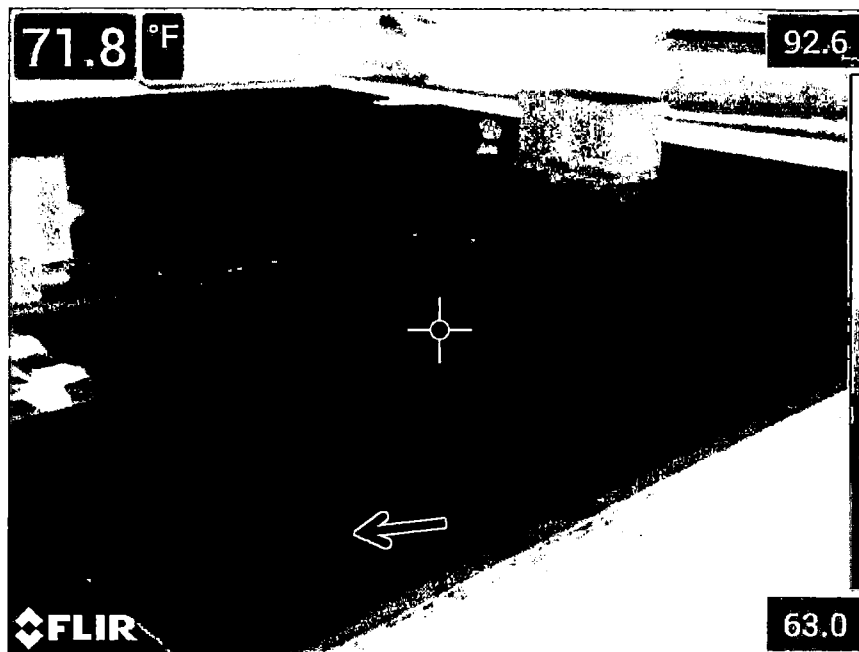
Photograph 20: This southerly view is atop the western building section.

Mr. George M. Oliver

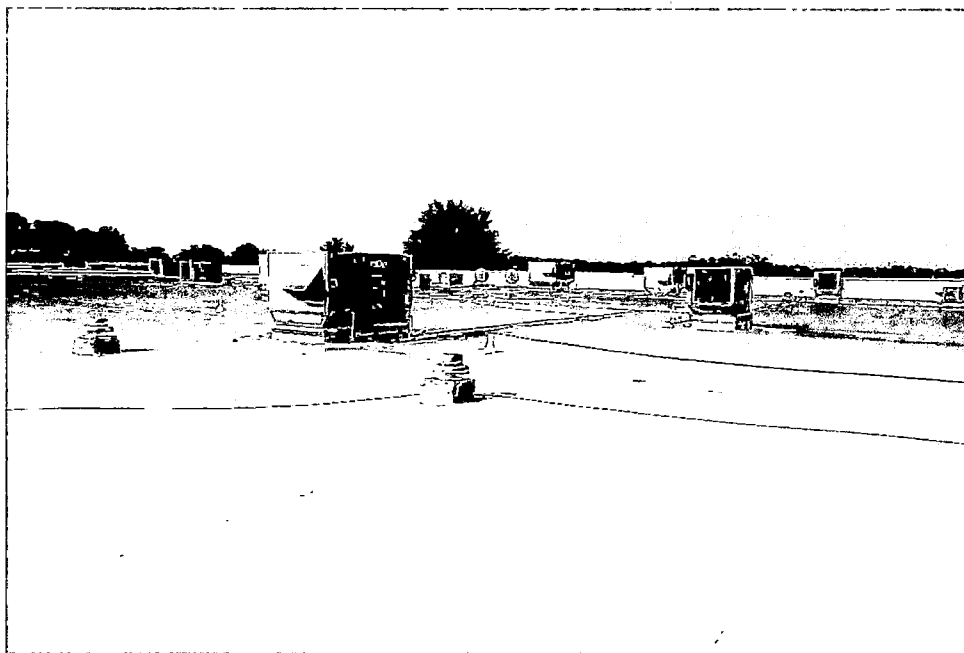
Re: North Berkeley Development Associates, LLC – Roofing Damage Evaluation

Location: 1310 & 1312 Parkway Drive, Goldsboro, NC

September 24, 2020



Photograph 21: In this southwesterly view over the western roof section, the arrow points to water pooled atop the membrane. While some of the substrate near the northern margin (foreground in this view) was softened under foot, the imagery does not indicate probable bulk moisture under the membrane.



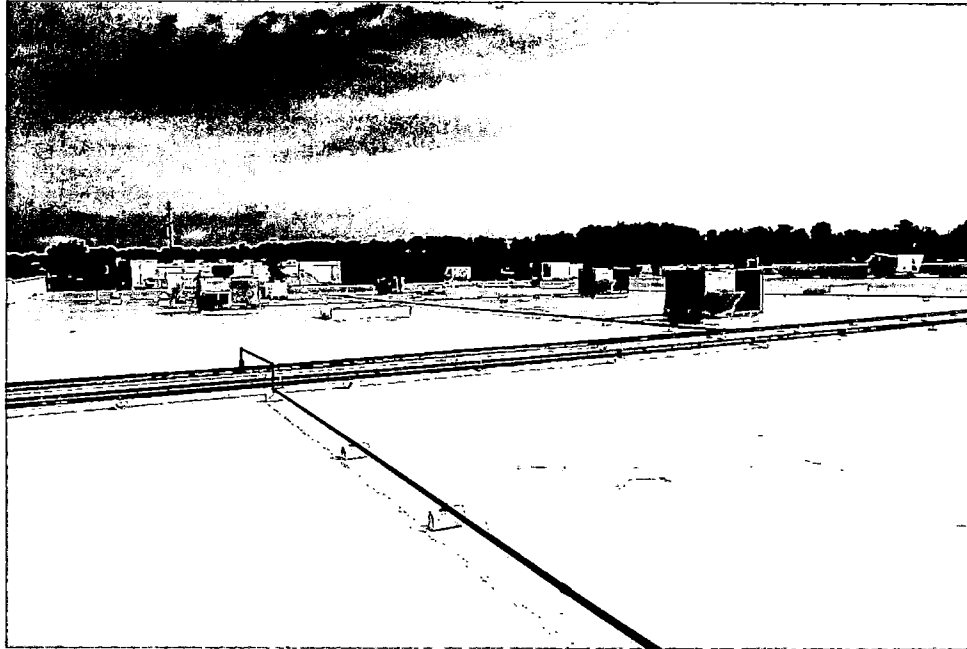
Photograph 22: This southwesterly view depicts general conditions atop the main roof section.

Mr. George M. Oliver

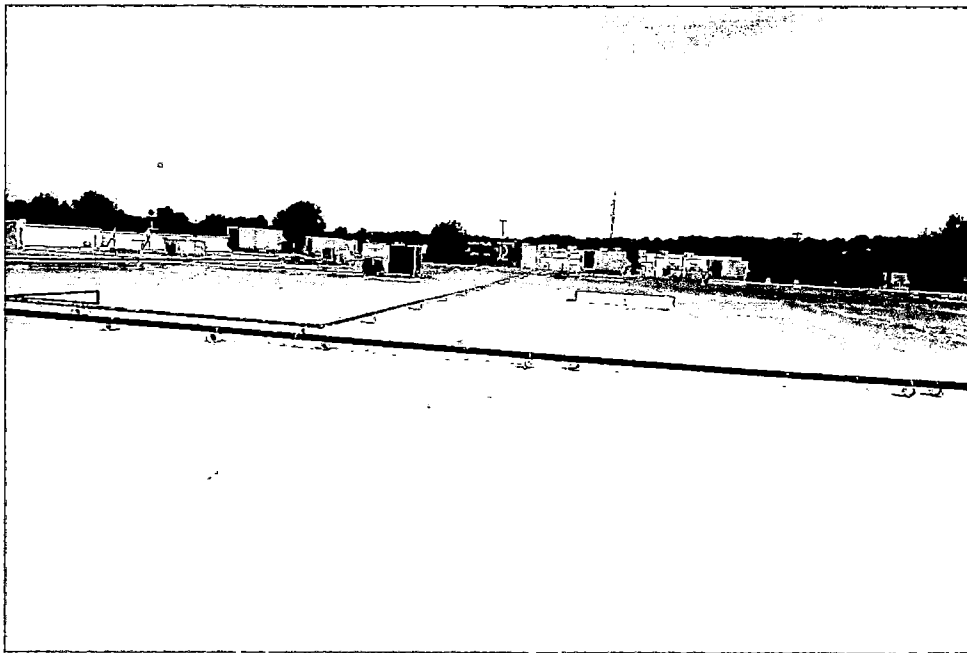
Re: North Berkeley Development Associates, LLC – Roofing Damage Evaluation

Location: 1310 & 1312 Parkway Drive, Goldsboro, NC

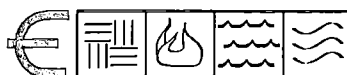
September 24, 2020



Photograph 23: This northeasterly view depicts general conditions.



Photograph 24: I observed no indications of wind-induced seam distress or membrane detachment in any of the sections observed.

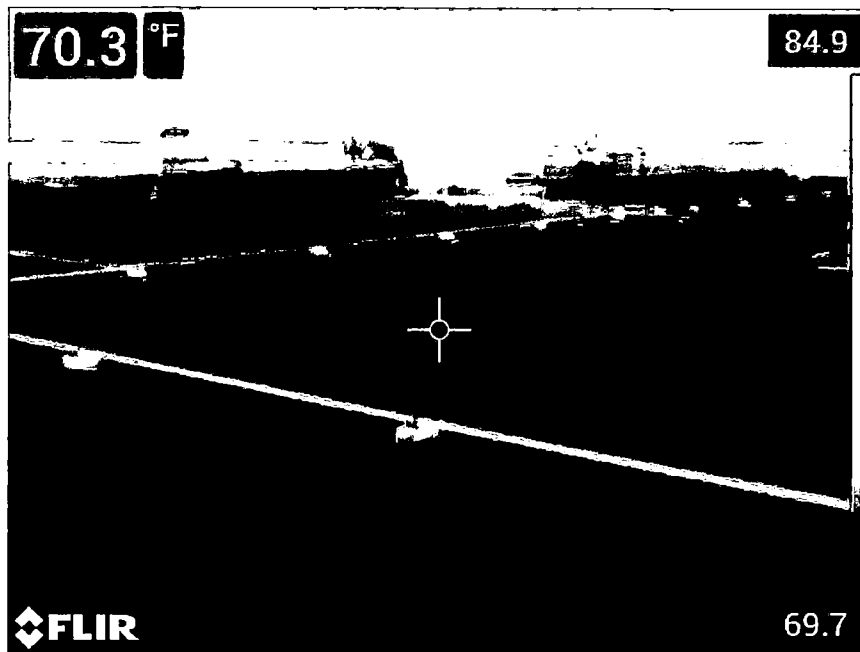


Mr. George M. Oliver

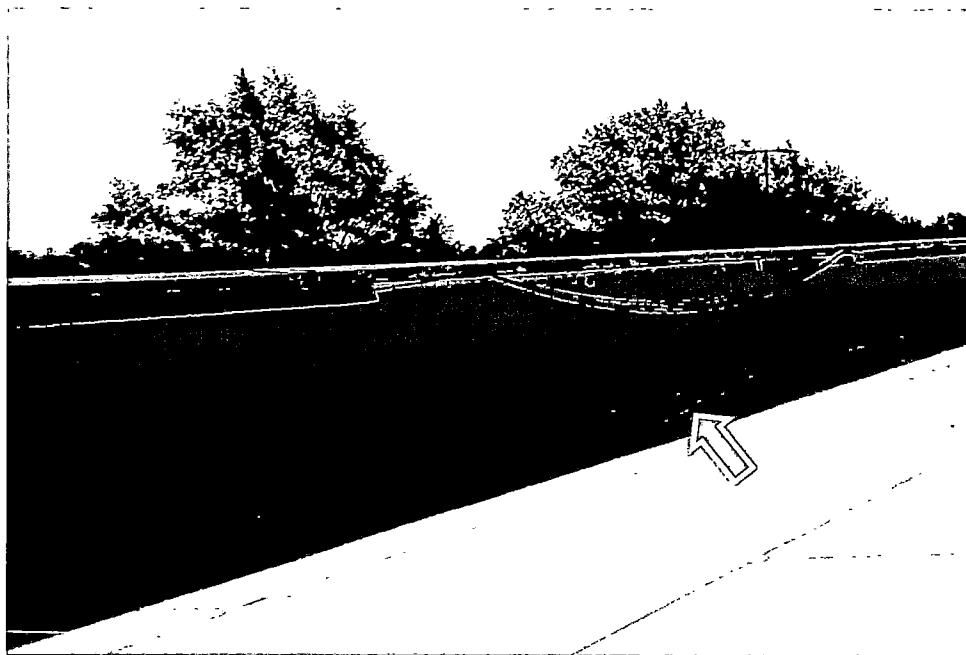
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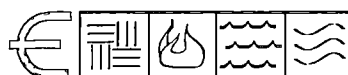
September 24, 2020



Photograph 25: Stream-like patterns visible in this IR image represent some of the copious quantity of condensate produced by the HVAC units.



Photograph 26: A piece of apron flashing (arrow) at the east parapet wall at the main roof section fell from its position under the metal coping (area encircled), possibly during Hurricane Florence.

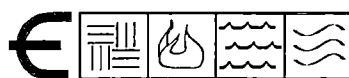


Mr. George M. Oliver
Re: North Berkeley Development Associates, LLC – Roofing Damage Evaluation
Location: 1310 & 1312 Parkway Drive, Goldsboro, NC
September 24, 2020

APPENDIX A

CoreLogic Wind Verification Report #12067510
(following 4 pages)

Element File 20-0100-01



Carolina Foam Insulation, Inc.

P.O. Box 667

Dunn, NC 28335

Phone: 1-800-662-4330 or (910)892-7910

Fax: (910)892-3793

E-mail: carolinafoam@earthlink.net

www.carolinafoam.com

Job Information:

storm damage roof repairs

Date:10-21-2018

To:

North Berkeley Dev Assoc.

For:

Goldsboro Berkeley Plaza

DESCRIPTION	QUANTITY	UNIT PRICE	AMOUNT
Big Lots- Inspect roof for damage. Repair and replace counterflashing. Repair puncture in roof membrane. Repair and seal flashing at front canopy	4men @3hrs 12 man hrs	\$42.50 per man hr	\$510.00
Books a Million - Inspect roof. Replace AC door blown off allowing rain water to enter store.	2 men@1 hr 2 man hrs	\$42.50 per man hr	\$85.00
Golds Gym- Inspect roof for damage.	2 men @ 1 hr	\$42.50 per man hr	\$85.00
Armed forces- Inspect roof. Repair counterflashing cover patch (EPDM) Inspect and locate source of outside odors	2 men @ 2hr 4 man hrs	\$42.50 per man hr	\$170.00
TOTAL			\$850.00

Thank you for your business!

Carolina Foam Insulation, Inc.

P.O. Box 667
Dunn, NC 28335

Phone: 1-800-682-4330 or (910)892-7910
Fax: (910)892-8793
E-mail: carolinafoam@earthlink.net
www.carolinafoam.com

Invoice

Date: -01-10-2019

Job Information:

Roof repairs

To:

North Berkley Dev Assoc

For:

Books A Million Goldsboro NC

DESCRIPTION	QUANTITY	UNIT PRICE	AMOUNT
A. Repair wall flashing at front wall electrical tray B. Repair cuts in TPO membrane (near AC Unit) C. Re caulk wall flashing Work done December 12 2018	3 men @ 4 4 hrs	12 man hrs @ 42.50 per man hr	\$510.00
TOTAL			\$510.00

Thank you for your business!

Carolina Foam Insulation, Inc.

P.O. Box 667
Dunn, NC 28335

Phone: 1-800-682-4330 or (910)892-7910

Fax: (910)892-8793

E-mail: carolinafoam@earthlink.net

www.carolinafoam.com

Roof Estimate

Date: 03-24-2020

Job Information :

GE 3502 Silicone Roof System

To:

North Berkley Dev Assoc

For: Books A Million Goldsboro NC

DESCRIPTION	QUANTITY	UNIT PRICE	AMOUNT
Application of a GE Silicone Roof System . Work to include: (A) Pressure washing existing TPO roof membrane to remove all dirt and debris. (B) Repair all seams and penetrations as per GE spec. (C) Apply base coat of GE 3502 silicone over all seams. (D) Install GE 3502 silicone over entire roof and parapet walls at a rate of 1.5 gals per square for a seamless roof system . Application to be 22 mils as per GE specs. (E) All material, labor and equipment to complete. (F) Ten Year Warranty System Warranty can be extended for an additional Ten Years	12,700 sq ft with 1419 ft parapet wall 14,119 sq ft total	1.85 per ft	\$26,120.00
TOTAL			\$26,120.00

Thank you for your business!

P.O. Box 667
Dunn, NC 28335

www.carolinafoam.com

Roof repairs

For:

DESCRIPTION	QUANTITY	UNIT PRICE	AMOUNT
(A)Repairs to TPO membrane Seams and weathered areas using GE Silicone roof coating system	4men @5hrs 20 man hrs	\$42.50 per man hr	\$850.00
(B) GE 3502 Silicone roof coating	20 gals	\$50.00 per gal	\$1000.00
All material,labor and equipment to clean prep and repair roof seams , penetrations and damage			
TOTAL			\$1850.00

Case 4:21-cv-00131-D Document 1-1 Filed 09/08/21 Page 350 of 420

NEELON R. ASSOCIATES

Neelon R. Associates
Winterville, NC 28590
252-378-7994
e-mail: neelonandassoc@gmail.com

Insured: NORTH BERKELEY DEVELOPMENT ASS
Property: 1312 N. Parkway Drive
Goldsboro, NC 27534

Claim Rep.: THOMAS SCHAMENS

Business: (317) 818-6173
E-mail: thomas.schamens@selective.com

Estimator: Ray Neelon
Company: Neelon R. Associates

Business: (252) 378-7994
E-mail: neelonandassoc@gmail.com

Claim Number: 21906407

Policy Number: S 2003458

Type of Loss: Hurricane

Date of Loss: 9/14/2018
Date Inspected:

Date Received:
Date Entered: 10/5/2019 10:34 AM

Price List: NCKI8X_OCT20
Restoration/Service/Remodel
Estimate: 1310-NORTH-PARKWAY-2

We reserve the right to supplement for hidden and unforeseen circumstances.

NEELON R. ASSOCIATES

Neelon R. Associates
 Winterville, NC 28590
 252-378-7994
 e-mail: neelonandassoc@gmail.com

1310-NORTH-PARKWAY-2**Roof**

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
61. Remove Single ply membrane - Fully adhered system - 60 mil 15% waste included	1,044.56 SQ	60.26	0.00	12,589.04	75,534.23	(0.00)	75,534.23
62. Single ply membrane - Fully adhered system - 60 mil <i>Includes parapet walls</i> 15% waste included	1,201.24 SQ	361.53	14,652.64	89,787.38	538,724.32	(0.00)	538,724.32
63. R&R Cap flashing - large	404.50 LF	23.59	441.50	1,996.74	11,980.40	(0.00)	11,980.40
64. Remove Insulation - ISO board, 1" 10% waste included	1,044.56 SQ	33.01	0.00	6,896.18	41,377.11	(0.00)	41,377.11
65. Insulation - ISO board, 1" 10% waste included	1,149.02 SQ	143.89	4,859.84	34,038.46	204,230.79	(0.00)	204,230.79
66. Insulation - ISO board, 3 1/2" <i>Current IRC code requirement.</i>	1,044.56 SQ	318.40	11,534.37	68,824.46	412,946.73	(0.00)	412,946.73
68. R&R Membrane roofing - cant strips - wood	2,293.11 LF	3.41	148.59	1,593.62	9,561.71	(0.00)	9,561.71
70. R&R Pitch pan / pocket - up to 6" x 6" x 4" *	4.00 EA	105.18	12.72	86.68	520.12	(0.00)	520.12
71. Central air - condenser unit - Detach & reset	5.00 EA	530.99	0.00	531.00	3,185.95	(0.00)	3,185.95
72. R&R Roof drain - PVC/ABS - 2" to 6" outlet	3.00 EA	353.07	37.40	219.32	1,315.93	(0.00)	1,315.93
73. R&R Flashing - pipe jack	3.00 EA	41.57	1.94	25.34	151.99	(0.00)	151.99
74. R&R Curb flashing - PVC/TPO	111.00 LF	16.76	68.93	385.84	2,315.13	(0.00)	2,315.13
75. Roofing - walkway boards	75.00 SF	3.14	6.73	48.44	290.67	(0.00)	290.67
76. Dumpster load - Approx. 40 yards, 7-8 tons of debris	20.00 EA	645.50	0.00	2,582.00	15,492.00	(0.00)	15,492.00
77. Telehandler/forklift (per day) - no operator	10.00 DA	449.40	0.00	898.80	5,392.80	(0.00)	5,392.80
78. Crane and operator - 50 ton capacity	36.00 HR	175.50	0.00	1,263.60	7,581.60	(0.00)	7,581.60
80. Fall protection harness and lanyard - per week <i>Metal roof</i>	10.00 WK	22.00	0.00	44.00	264.00	(0.00)	264.00
Totals: Roof			31,764.66	221,810.90	1,330,865.48	0.00	1,330,865.48

General Conditions

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
91. Commercial Supervision / Project Management - per hour	400.00 HR	62.69	0.00	5,015.20	30,091.20	(0.00)	30,091.20

1310-NORTH-PARKWAY-2

10/13/2020

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NEELON R. ASSOCIATES

Neelon R. Associates
Winterville, NC 28590
252-378-7994
e-mail: neelonandassoc@gmail.com

CONTINUED - General Conditions

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
58. Temporary toilet - Minimum rental charge	30.00 EA	125.00	0.00	750.00	4,500.00	(0.00)	4,500.00
Includes monthly servicing							
59. Dumpster load - Approx. 40 yards, 7-8 tons of debris	36.00 EA	645.50	0.00	4,647.60	27,885.60	(0.00)	27,885.60
Debris removal and waste removal							
60. Install Temporary fencing*	652.00 LF	1.01	0.00	131.70	790.22	(0.00)	790.22
4 months - Includes delivery, setup and takedown with rental							
Totals: General Conditions			0.00	10,544.50	63,267.02	0.00	63,267.02

SKETCH1**1101A-VACANT****1101A-VACANT**

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
5. Drywall (Bid Item)	1.00 EA	7,500.00	0.00	1,500.00	9,000.00	(0.00)	9,000.00
Drywall damaged repaired							
6. Taxes, insurance, permits & fees (Bid Item)	1.00 EA	1,800.00	0.00	360.00	2,160.00	(0.00)	2,160.00
7. Cleaning (Bid Item)	1.00 EA	4,200.00	0.00	840.00	5,040.00	(0.00)	5,040.00
Final Clean & Make Ready							
9. Insulation (Bid Item)	1.00 EA	6,500.00	0.00	1,300.00	7,800.00	(0.00)	7,800.00
Affected ceiling insulation compromised from the water. removed and replaced and re-seamed and sealed							
10. Light Fixtures (Bid Item)	1.00 EA	8,000.00	0.00	1,600.00	9,600.00	(0.00)	9,600.00
Fixture replacement where water damaged or shorted							
11. Painting (Bid Item)	1.00 EA	32,000.00	0.00	6,400.00	38,400.00	(0.00)	38,400.00
Interior painting from water damage and / or wall repairs Open and Contiguous							
12. Scaffolding (Bid Item)	1.00 EA	26,000.00	0.00	5,200.00	31,200.00	(0.00)	31,200.00
Scaffolding & Scissor lifts							
Rental to be shared amongst trades							
Includes delivery, setup & takedown and return for 3 months							
OSHA compliance by trades							
14. Floor Covering - Carpet (Bid Item)	1.00 EA	42,000.00	0.00	8,400.00	50,400.00	(0.00)	50,400.00
See pictures							
Carpet demolition, floor prep, Carpet, like kind and quality Installation							
16. Acoustical Treatments - Ceiling tile*	1.00 EA	3,600.00	0.00	720.00	4,320.00	(0.00)	4,320.00

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10/13/2020

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NEELON R. ASSOCIATES

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252-378-7994
e-mail: neelonandassoc@gmail.com

CONTINUED - 1101A-VACANT

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
replace damaged Tiles							
17. Suspended ceiling tile - Detach & reset Detach and reset grid, replace water damaged sections only. Includes tile D&R excludes replacement	1.00 SF	0.58	0.00	0.12	0.70	(0.00)	0.70
19. Clean ductwork - Interior * given length of water saturation and construction cleaning.	1.00 EA	30.01	0.01	6.00	36.02	(0.00)	36.02
Total: 1101A-VACANT			0.01	26,326.12	157,956.72	0.00	157,956.72

1101B-STAPLES**1101B-STAPLES**

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
21. Drywall (Bid Item) Drywall damaged repaired	1.00 EA	25,000.00	0.00	5,000.00	30,000.00	(0.00)	30,000.00
22. Painting (Bid Item) Interior drywall painting from water damage and / or wall repairs Open and Contiguous Drywall Portions	1.00 EA	18,000.00	0.00	3,600.00	21,600.00	(0.00)	21,600.00
24. Insulation (Bid Item) Affected ceiling insulation compromised from the water. removed and replaced and re-seamed and sealed Ceiling to roof Insulation removed and replaced water damaged. To much to just repair	1.00 EA	226,000.00	0.00	45,200.00	271,200.00	(0.00)	271,200.00
25. Light Fixtures (Bid Item) Fixture replacement where water damaged or shorted and detach and reset where applicable	1.00 EA	18,000.00	0.00	3,600.00	21,600.00	(0.00)	21,600.00
26. Scaffolding (Bid Item) Scaffolding & Scissor lifts Rental to be shared amongst trades Includes delivery, setup & takedown and return for 3 months OSHA compliance by trades	4.00 EA	16,000.00	0.00	12,800.00	76,800.00	(0.00)	76,800.00
27. Floor Covering - Carpet (Bid Item) See pictures Carpet demolition, floor prep, Carpet, like kind and quality Installation. includes content manipulation and after hours	1.00 EA	320,000.00	0.00	64,000.00	384,000.00	(0.00)	384,000.00
29. Acoustical Treatments - Ceiling tile* replace damaged Tiles	1.00 EA	2,200.00	0.00	440.00	2,640.00	(0.00)	2,640.00
34. Painting (Bid Item) Interior painting from water damage and / or wall repairs Open and Contiguous Masonry portions cleaned, prepped sealed & Painted compromised from the water -see pictures	1.00 EA	40,000.00	0.00	8,000.00	48,000.00	(0.00)	48,000.00

1310-NORTH-PARKWAY-2

10/13/2020

Page: 4

NEELON R. ASSOCIATES

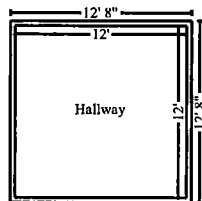
Neelon R. Associates
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 252-378-7994
 e-mail: neelonandassoc@gmail.com

CONTINUED - 1101B-STAPLES

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
90. Content Manipulation (Bid Item)	1.00 EA	960,000.00	0.00	192,000.00	1,152,000.00	(0.00)	1,152,000.00
Stores Contents moved and reset and covered to allow for continuous business for ongoing construction. Excludes Floor replacement \$8k a day for 4 months interior work							
37. Painting (Bid Item)	1.00 EA	75,000.00	0.00	15,000.00	90,000.00	(0.00)	90,000.00
Interior metal ceiling painting from water damage - see pictures Open and contiguous Metal ceiling structure after hours							
Total: 1101B-STAPLES			0.00	349,640.00	2,097,840.00	0.00	2,097,840.00

1101C-BIGLOTS**1101C-BIGLOTS**

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
40. Insulation (Bid Item)	1.00 EA	122,000.00	0.00	24,400.00	146,400.00	(0.00)	146,400.00
Affected ceiling insulation compromised from the water. removed and replaced and re-seamed and sealed Ceiling to roof Insulation removed and replaced water damaged. To much to just repair							
Total: 1101C-BIGLOTS			0.00	24,400.00	146,400.00	0.00	146,400.00

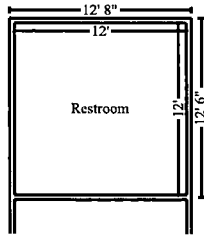
**Hallway****Height: 8'**

384.00 SF Walls	144.00 SF Ceiling
528.00 SF Walls & Ceiling	144.00 SF Floor
16.00 SY Flooring	48.00 LF Floor Perimeter
48.00 LF Ceil. Perimeter	

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
42. Acoustical Treatments - Ceiling tile*	1.00 EA	350.00	0.00	70.00	420.00	(0.00)	420.00
replace damaged Tiles Minimum charge							
Totals: Hallway			0.00	70.00	420.00	0.00	420.00

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**Restroom****Height: 8'**

384.00 SF Walls	144.00 SF Ceiling
528.00 SF Walls & Ceiling	144.00 SF Floor
16.00 SY Flooring	48.00 LF Floor Perimeter
48.00 LF Ceil. Perimeter	

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
43. Drywall (Bid Item)	1.00 EA	750.00	0.00	150.00	900.00	(0.00)	900.00
44. Painting (Bid Item)	1.00 EA	1,800.00	0.00	360.00	2,160.00	(0.00)	2,160.00
Interior painting from water damage and / or wall repairs Open and Contiguous							
Totals: Restroom			0.00	510.00	3,060.00	0.00	3,060.00

Total: 1101C-BIGLOTS	0.00	24,980.00	149,880.00	0.00	149,880.00
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1101D-BOOKS**1101D-BOOKS**

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
49. Insulation (Bid Item)	1.00 EA	9,200.00	0.00	1,840.00	11,040.00	(0.00)	11,040.00
Affected ceiling insulation compromised from the water. removed and replaced and re-seamed and sealed							
50. Light Fixtures (Bid Item)	1.00 EA	4,800.00	0.00	960.00	5,760.00	(0.00)	5,760.00
Fixture replacement where water damaged or shorted							
51. Scaffolding (Bid Item)	1.00 EA	4,800.00	0.00	960.00	5,760.00	(0.00)	5,760.00
Scaffolding & Scissor lifts Rental to be shared amongst trades Includes delivery, setup & takedown and return for 3 months OSHA compliance by trades							
54. Acoustical Treatments - Ceiling tile*	1.00 EA	3,600.00	0.00	720.00	4,320.00	(0.00)	4,320.00
replace damaged Tiles							
Total: 1101D-BOOKS			0.00	4,480.00	26,880.00	0.00	26,880.00

Total: SKETCH1	0.01	405,426.12	2,432,556.72	0.00	2,432,556.72
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Labor Minimums Applied

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
81. Acoustic ceiling tile labor minimum*	1.00 EA	203.62	0.00	40.72	244.34	(0.00)	244.34

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CONTINUED - Labor Minimums Applied

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
82. Cleaning labor minimum*	1.00 EA	65.78	0.00	13.16	78.94	(0.00)	78.94
Totals: Labor Minimums Applied			0.00	53.88	323.28	0.00	323.28
Line Item Totals: 1310-NORTH-PARKWAY-2			31,764.67	637,835.40	3,827,012.50	0.00	3,827,012.50

Grand Total Areas:

4,224.00 SF Walls	1,584.00 SF Ceiling	5,808.00 SF Walls and Ceiling
1,584.00 SF Floor	176.00 SY Flooring	528.00 LF Floor Perimeter
0.00 SF Long Wall	0.00 SF Short Wall	528.00 LF Ceil. Perimeter
1,584.00 Floor Area	1,756.61 Total Area	4,224.00 Interior Wall Area
77,590.38 Exterior Wall Area	506.33 Exterior Perimeter of Walls	
59,780.00 Surface Area	597.80 Number of Squares	0.00 Total Perimeter Length
0.00 Total Ridge Length	0.00 Total Hip Length	

NEELON R. ASSOCIATES

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Summary for Building

Line Item Total	3,157,412.43
Material Sales Tax	31,764.67
Subtotal	3,189,177.10
Overhead	318,917.70
Profit	318,917.70
Replacement Cost Value	\$3,827,012.50
Less Deductible	(2,500.00)
Net Claim	\$3,824,512.50

Ray Neelon

NEELON R. ASSOCIATES

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Recap of Taxes, Overhead and Profit

Overhead (10%)	Profit (10%)	Material Sales Tax (6.75%)	Laundry & D/C Tax (6.75%)	Manuf. Home Tax (2%)	Storage Rental Tax (6.75%)	Local Food Tax (2%)	Total Tax (6.75%)	Mat Tax (Rpr/Maint) (6.75%)
Line Items								
318,917.70	318,917.70	31,764.67	0.00	0.00	0.00	0.00	0.00	0.00
Total								
318,917.70	318,917.70	31,764.67	0.00	0.00	0.00	0.00	0.00	0.00

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Recap by Room**Estimate: 1310-NORTH-PARKWAY-2**

Roof	1,077,289.92	34.12%
General Conditions	52,722.52	1.67%
Area: SKETCH1		
Area: 1101A-VACANT	131,630.59	4.17%
Area Subtotal: 1101A-VACANT	131,630.59	4.17%
Area: 1101B-STAPLES	1,748,200.00	55.37%
Area Subtotal: 1101B-STAPLES	1,748,200.00	55.37%
Area: 1101C-BIGLOTS	122,000.00	3.86%
Hallway	350.00	0.01%
Restroom	2,550.00	0.08%
Area Subtotal: 1101C-BIGLOTS	124,900.00	3.96%
Area: 1101D-BOOKS	22,400.00	0.71%
Area Subtotal: 1101D-BOOKS	22,400.00	0.71%
Area Subtotal: SKETCH1	2,027,130.59	64.20%
Labor Minimums Applied	269.40	0.01%
Subtotal of Areas	3,157,412.43	100.00%
Total	3,157,412.43	100.00%

NEELON R. ASSOCIATES

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Recap by Category

O&P Items	Total	%
ACOUSTICAL TREATMENTS	9,954.20	0.26%
CLEANING	4,295.79	0.11%
CONTENT MANIPULATION	960,000.00	25.08%
GENERAL DEMOLITION	135,426.01	3.54%
DRYWALL	33,250.00	0.87%
HEAVY EQUIPMENT	10,812.00	0.28%
FLOOR COVERING - CARPET	362,000.00	9.46%
PERMITS AND FEES	1,800.00	0.05%
HEAT, VENT & AIR CONDITIONING	2,654.95	0.07%
INSULATION	363,700.00	9.50%
LABOR ONLY	25,076.00	0.66%
LIGHT FIXTURES	30,800.00	0.80%
PLUMBING	954.30	0.02%
PAINTING	166,800.00	4.36%
ROOFING	950,460.66	24.84%
SCAFFOLDING	95,020.00	2.48%
TEMPORARY REPAIRS	4,408.52	0.12%
O&P Items Subtotal	3,157,412.43	82.50%
Material Sales Tax	31,764.67	0.83%
Overhead	318,917.70	8.33%
Profit	318,917.70	8.33%
Total	3,827,012.50	100.00%

EXHIBIT E



December 18, 2020

Mr. Ron Rudow
Selective Insurance
40 Wantage Avenue
Branchville, NJ 07890

Re: **Storm Assessment Report**

File Name:	North Berkeley Development Association
Loss Address:	1312 Parkway Drive, Goldsboro, North Carolina 27534
Claim #:	21906407
Reported Date of Loss:	September 14, 2018
Reported Cause of Loss:	Hurricane Florence
J.S. Held Engineering Services File #:	20120081

Mr. Rudow:

Per your request, J.S. Held Engineering Services PLLC (J.S. Held) conducted a *Storm Damage Assessment* of the property located at the above-referenced address. This assessment was based upon a visual, non-destructive site inspection and a review of relevant research. This report contains the conclusions of this assessment, as well as a summary of the evidence and analysis used to formulate these conclusions.

SCOPE

This damage assessment was performed to determine the extent of damage to the roofs at 1312 Parkway Drive as a result of the passage of Hurricane Florence on September 14, 2018.

EXECUTIVE SUMMARY

The following conclusions were formulated within a reasonable degree of professional certainty and were based upon the application of relevant and reliable scientific methodologies, in addition to the knowledge, skill, experience, training, and/or education of the evaluator:

1. **No widespread damage to the roofs occurred as a result of the passage of Hurricane Florence on September 14, 2018.**
2. **Isolated areas of roof membrane patches were observed; however, the nature and cause of the damage which resulted in these patches could not be determined, as the patches obscured the membrane beneath.**

BACKGROUND

The subject property was a one-story, multi-faceted, commercial structure in Goldsboro, North Carolina with multiple tenants. The tenants include Books-A-Million, Big Lots, Staples, Gold's Gym, and one unoccupied unit. The roof of the building consisted of metal decking over open web steel bar joists. The roof membranes consisted primarily of thermoplastic olefin (TPO) over Books-A-Million, Big Lots, Staples, and Gold's Gym. Ethylene propylene diene monomer (EPDM) roof membranes were also present on the northeast side of Big Lots as well as over the unoccupied unit. The exterior walls were constructed with concrete masonry units (CMU).

Historical aerial photos from Eagleview indicate that the roof area over Big Lots, Staples, and Gold's Gym was replaced sometime between February 2013 and February 2017.

Note, 1310 Parkway Drive building was not part of the scope of work or site inspection.

According to information obtained from the Wayne County Assessor website, the building is approximately 95,000 square feet and was last purchased in 1998. No information specifically regarding the date of construction was available, however the earliest recorded sale was dated 1988. **Figure 1** provides an aerial view of the subject property. For the purposes of this report, the front of the building is referenced as facing southeast.

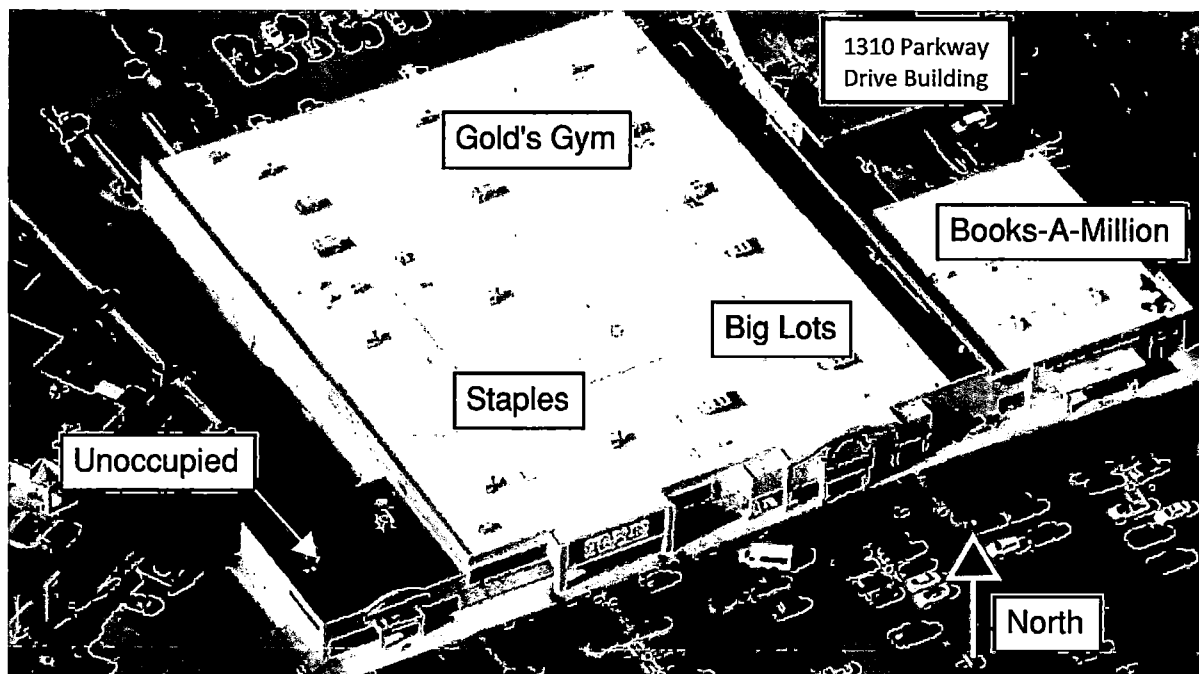


Figure 1: Aerial of subject property (Eagleview)

SITE INSPECTION

J.S. Held inspected the property on December 15, 2020. The site inspection was attended by:

- Mr. Ray Neelon, Public Adjuster, Neelon R. Associates
- Greg Beste, AIA, Senior Architect II, J.S. Held

During the inspection, field notes were prepared, and pertinent areas of the property were examined and photographed. These photographs are on file with J.S. Held and some are included with this report as **Appendix A — Captioned Photographs**.

VERBAL STATEMENTS

On December 15, 2020, Ray Neelon and various representatives of each tenant space provided the following information regarding the history of the property and the circumstances of the reported water intrusion:

- Staples in-store manager stated that no active leaks in the floor area of the space but had experienced past wall and roof transition leaks along west wall and in the warehouse exterior wall areas.
- Big Lots in-store manager stated there have been past leaks in the ceiling area, but no active leaks were present at this time. Past leaks included at the wall and roof transition along the warehouse exterior wall areas.
- Books-A-Million in-store manager stated they have some active leaks on the east side of the floor area with water stained acoustical ceiling tiles. There were some merchandise shelves covered with plastic under two different water stained acoustical ceiling tile locations.
- Golds Gym in-store manager stated that they had two roof leaks in the free-weight area along the CMU wall and one above the childcare area. Also, it was reported that the front windows leaked; however, Mr. Neelon stated that these were leaking prior to the date of loss.

DOCUMENTS REVIEWED

1. Wayne County Assessor, URL: <http://realestate.waynegov.com/ITSNet/BasicSearch.aspx>.
2. "North Berkeley Development Associates, LLC/ Damage Due to Hurricane Florence," The Law Offices of Oliver & Cheek PLLC, October 19, 2020, Received by J.S. Held on December 1, 2020.

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OBSERVATIONS FROM SITE INSPECTION

Non-destructive observations were made in order to assess the condition of the systems and/or components as called for within the scope. The following observations were noted:

Exterior

- Moisture stains were present on the rear (northwest facing) elevation of Books-A-Million beneath the gutter. **(Photo 2)**
- No visible water stains were observed on any of the other exterior surfaces of the walls of the building. **(Photos 1, 3, and 4)**

Interior- Book-A-Million

- The ceiling tiles within the interior of Books-A-Million exhibited moisture stains. **(Photo 5)**
- Moisture stains were observed on the interior of the rear elevation of Books-A-Million. **(Photo 6)**

Interior- Big Lots, Staples, and Gold's Gym (Shared Roof)

- The interior of the rear (northwest facing) CMU wall of Big Lots exhibited moisture stains. **(Photo 7)**
- The metal roof decking over the rear (northwest facing) elevation of Big Lots contained an opening which exhibited corrosion around its perimeter. Moisture stains were visible below the opening. **(Photo 8)**
- Moisture stains and paint deterioration were observed on the interior walls of Staples, including at the southwest wall (partially exterior wall, partial shared wall with unoccupied space next door). **(Photos 9-11)**
- The paint on the interior of the CMU within Gold's Gym exhibited deterioration consistent with moisture exposure. **(Photo 12)**

Roof – Books-A-Million

- The TPO roof membrane remained generally in-place and no portions of the membrane were peeled back. **(Photo 13)**
- The ends of the membrane were flush with the substrate and no tenting was present at the parapet walls. **(Photo 14)**
- Moisture stains were observed on an HVAC equipment curb. **(Photo 15)**
- Approximately 10-12 small patches were present on the TPO membrane. **(Photo 16)**

Roof – Big Lots, Staples, and Gold’s Gym (Shared Roof)

- The TPO roof membrane over Big Lots, Staples, and Gold’s Gym remained generally in-place and no portions of the membrane were peeled back. Roof substrate was generally firm while walking over the majority of the roof areas with isolated softer locations along the western edge portion of the roof. **(Photo 17)**
- The portion of EPDM membrane over the northeast side of Big Lots remained generally in-place and no portions of the membrane were peeled back. **(Photo 18)**
- Several areas of membrane patches were observed sporadically across the TPO and EPDM roof membranes. **(Photos 19-21)**
- Roof wrinkles were observed on the TPO membrane. **(Photo 22)**
- An area with missing counterflashing was observed on the parapet wall between the TPO-covered portion of roof and the EPDM-covered portion of roof of Big Lots. **(Photo 23)**
- Areas of prior repair material were observed across the membranes, near the roof-wall transitions, and at the parapet caps. **(Photos 24-27)**
- Areas of cracked caulk at the parapet caps, corroded parapet caps, and openings between parapet cap sections were present. **(Photos 27-28)**
- Open lap seams were observed on the EPDM membrane over the northeast portion of Big Lots. **(Photos 29)**

Roof – Vacant Space

- The EPDM roof membrane over the vacant space remained generally in-place and no portions of the membrane were peeled back. **(Photo 30)**
- Areas of roof membrane patches were observed across the roof. **(Photos 31-32)**

DISCUSSION AND ANALYSIS

In general, the water intrusion on the walls which divided the units was associated with the wall to roof transition detailing. It could not be ruled out that the transition between the roof material and wall detail was cracked or unsealed and the wind-driven rain from the storm event could have exacerbated the potential for water intrusion during the storm event. However, several areas of parapet cap openings were observed along these walls which could allow for water intrusion. Even though there were prior repairs across the roof membranes, these do not appear to have failed due to the one-time storm event but from long-term exposure and deterioration.

Furthermore, the water staining observed on the inside and outside faces of the rear (northwest facing) elevation of Books-A-Million were adjacent to the gutter. These moisture stains began from the roof

elevation and extended down the length of the wall, which indicated that the water was draining off of the roof in this direction, leading to wetting of the wall.

The water intrusion within the interior of Books-A-Million, away from the rear elevation, was related to the HVAC equipment curb. This is evidenced by the water stains observed at this location and the concentration of the interior moisture infiltration to the area below the curb. It should also be noted that the wind-driven rain from the storm event could have exacerbated the potential for water intrusion during the storm event causing increased amount of damage observed.

The roof areas were in good condition and were observed to not have any storm-created openings, with the exception of isolated areas of patching which could not be ruled out as being repairs of punctures caused by wind-driven debris. As these repairs had already been made, J.S. Held was unable to verify the cause of damage, if any, at these locations. These observations regarding the condition of the roof covering were consistent with the findings reported by Element Analytical, PLLC (included within the letter sent by The Law Offices of Oliver & Creek).

CONCLUSIONS

Based on an inspection of the property, evaluation of the pertinent information discussed above, and observations presented above, and, in the Appendices, it is our opinion that:

- 1. The water infiltration on the walls that divide the units was related to the roof-wall transition detailing.** This opinion is based on:
 - a. Moisture stains ran down these walls.
 - b. Prior repairs were present at these areas, some of which were cracked.
 - c. Parapet cap openings which had not been repaired were observed.
- 2. The water infiltration along the rear (northwest facing) elevation of Books-A-Million was related to the gutter at this location.** This opinion is based on:
 - a. Moisture stains were observed along the exterior of the elevation which had seeped through the CMU.
 - b. Water drained in this direction off of the roof, towards the gutter.
 - c. The exterior moisture stains could be seen to extend from the gutter down the height of the wall.
- 3. The moisture infiltration within Books-A-Million was related to the HVAC equipment curb.** This opinion is based on:
 - a. Moisture stains at the HVAC equipment curb.
 - b. The moisture infiltration within the interior of the building was limited to the area near the HVAC equipment curb.
- 4. The roof patches were consistent with repairs of punctures caused by wind-borne debris impacts; however, this could not be confirmed, as the repairs had occurred prior to J.S. Held's inspection and obscured the membrane beneath.** This opinion is based on:
 - a. The roof membrane patches were sporadic in nature, as would be expected of wind-borne debris.

Repair Recommendations

It is recommended that the parapet cap openings observed across the roof be sealed. Additionally, it is recommended that the HVAC equipment curb above Books-A-Million be re-flashed, and that the gutter along the rear (northwest facing) elevation of Books-A-Million be repaired.

(END OF REPORT)

CLOSING

Thank you for the opportunity to provide professional services. Please note that J.S. Held Engineering Services opinions are based on the information provided and/or obtained as well as our training, knowledge and experience. To the extent that hidden conditions exist, and/or additional information is made available, J.S. Held Engineering Services reserves the right to revise or update any of the observations, assessments, and/or opinions as conditions change or additional information is provided for our review.

Any recommendations offered are of a conceptual nature and are only intended to restore integrity to the affected systems and/or components.

This document is to insure to the benefit of the addressee only and may not be relied upon, used by, or reference by any third party without the written consent of J.S. Held Engineering Services. If clarification or additional information required, please do not hesitate to contact us.

Sincerely,

J.S. Held Engineering Services PLLC



This document has been electronically signed and sealed using Digital Signatures. Digital Signatures can be authenticated by clicking on the name of the professional in the signature block. Printed copies of this document are not considered signed and sealed and cannot be relied upon as such.

Greg Beste

Digitally signed by
Greg Beste
Date: 2020.12.22
10:28:05 -05'00'

Gregory R. Beste, RA, AIA, NCARB
Vice-President of Forensics | Senior Architect II
North Carolina Registered Architect No. 5526 (Expires 06/30/21)

Appendices: Appendix A – Captioned Photographs



APPENDIX A

Captioned Photographs



Photo 1: Partial front (southeast facing) elevation.

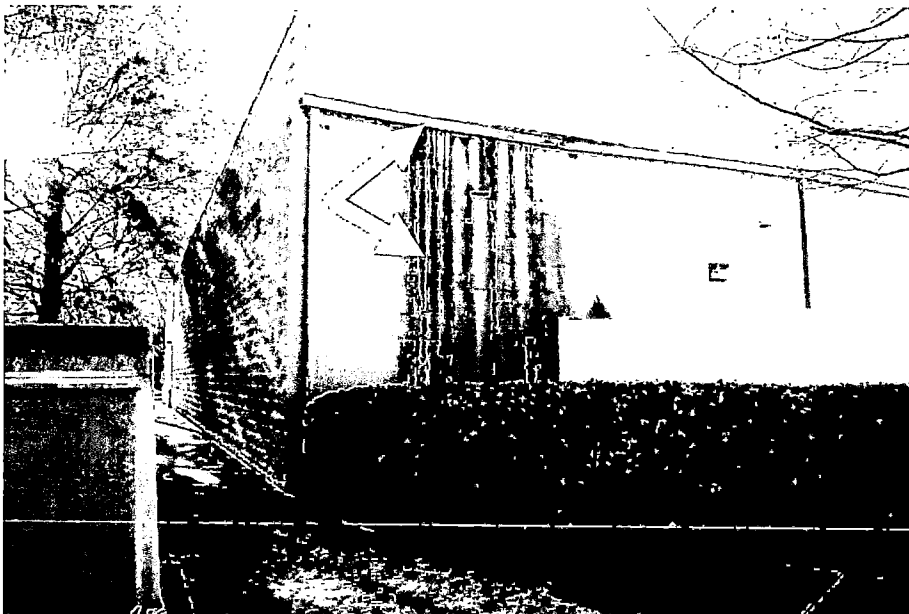


Photo 2: Northeast facing and partial rear (northwest facing) elevation of Books-A-Million. Note moisture stains beneath gutter.



Photo 3: Partial rear (northwest facing) elevation, continued (Gold's Gym).

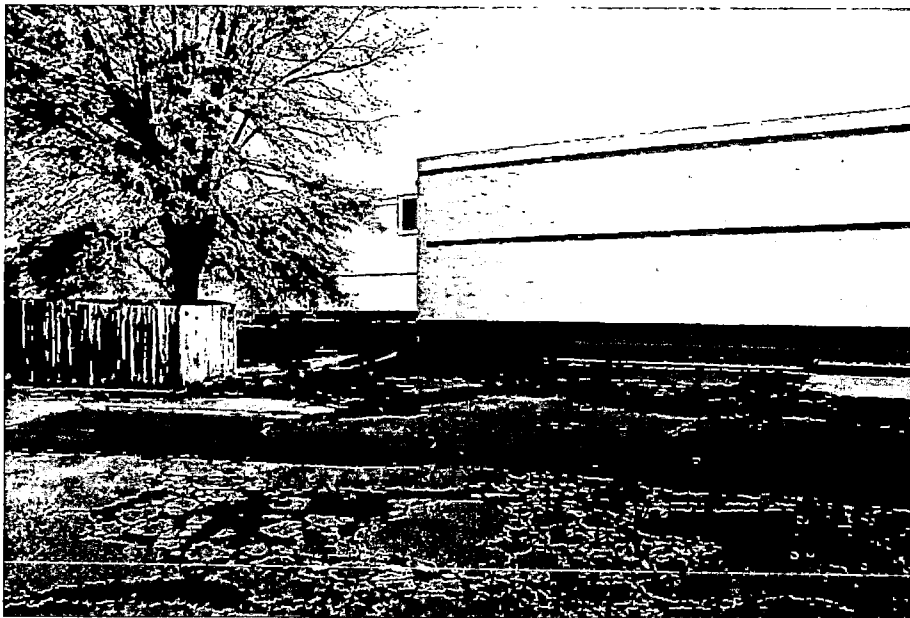


Photo 4: Southwest facing elevation (Staples and unoccupied space).



Photo 5: Moisture stains on ceiling tiles within interior of Books-A-Million.



Photo 6: Moisture stains on interior of rear CMU wall of Books-A-Million.

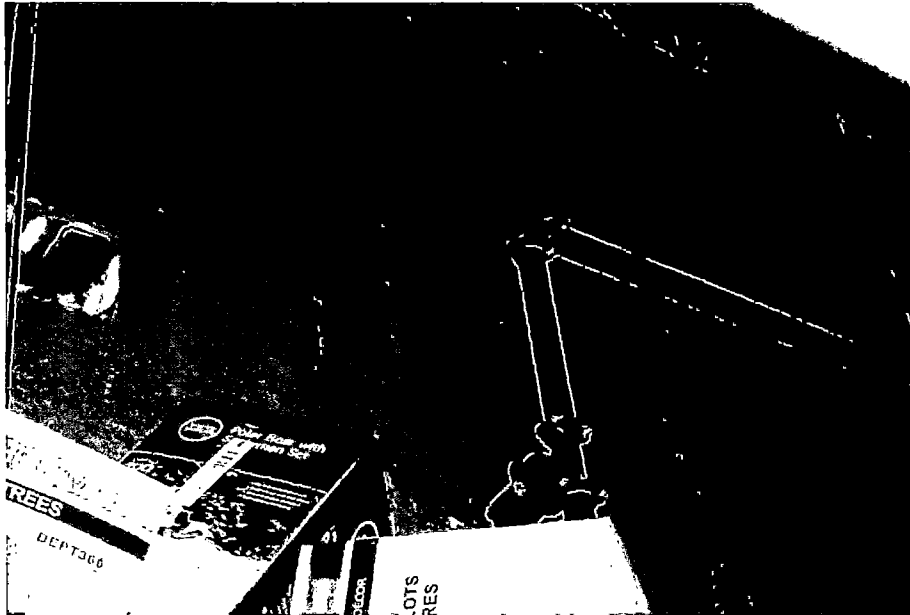


Photo 7: Moisture stains on interior of rear CMU wall of Big Lots.

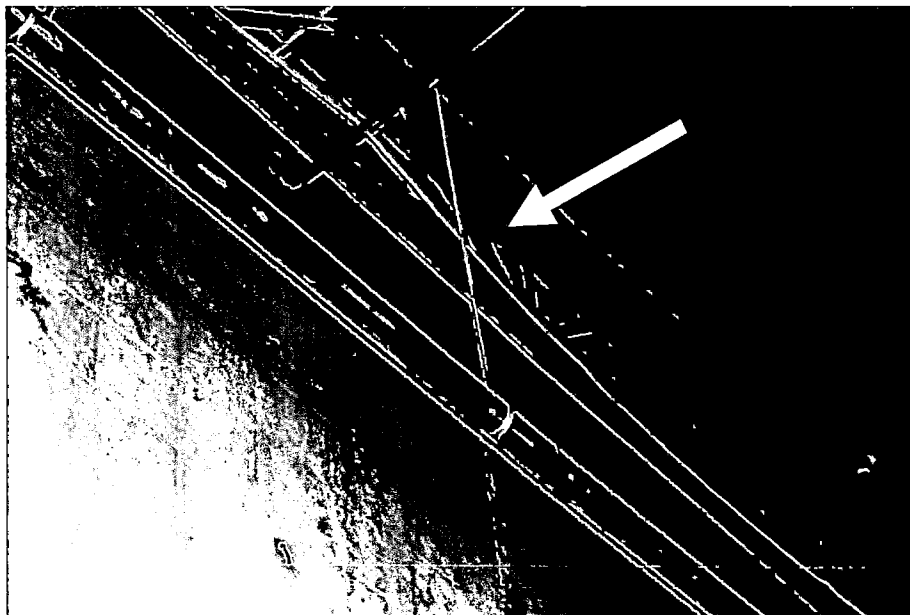


Photo 8: Additional moisture stains on interior of rear CMU wall of Big Lots and opening in metal decking with corrosion around perimeter of opening.

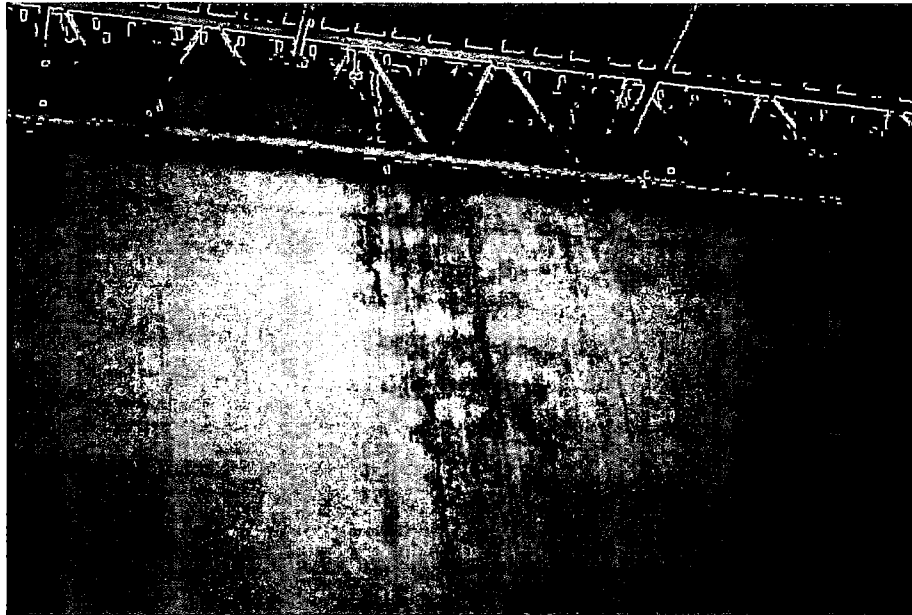


Photo 9: Moisture stains on interior of CMU wall of Staples.



Photo 10: Moisture stains and deteriorated paint on interior of southwest CMU wall of Staples.

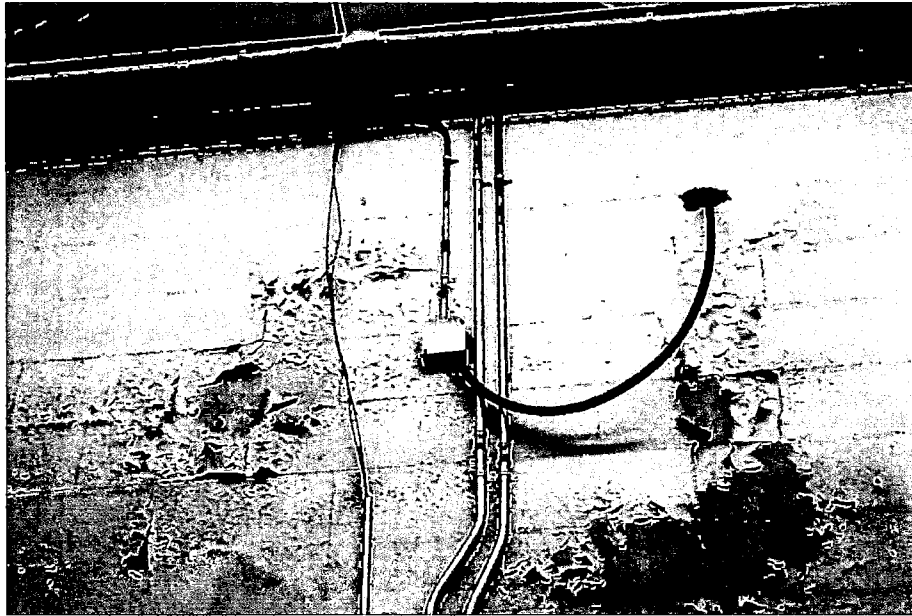


Photo 11: Additional deteriorated paint on interior of CMU wall of Staples.

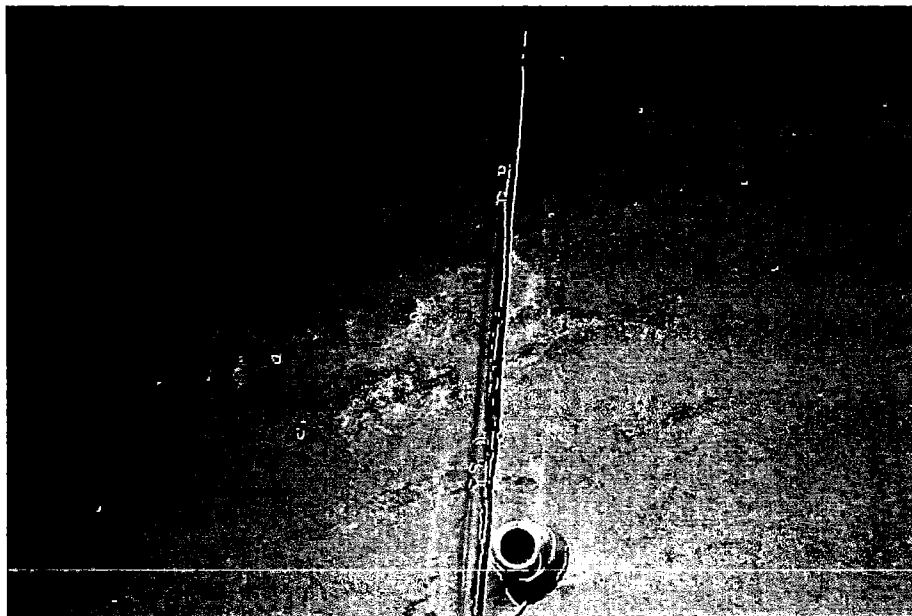


Photo 12: Deteriorated paint on interior of CMU wall of Gold's Gym.

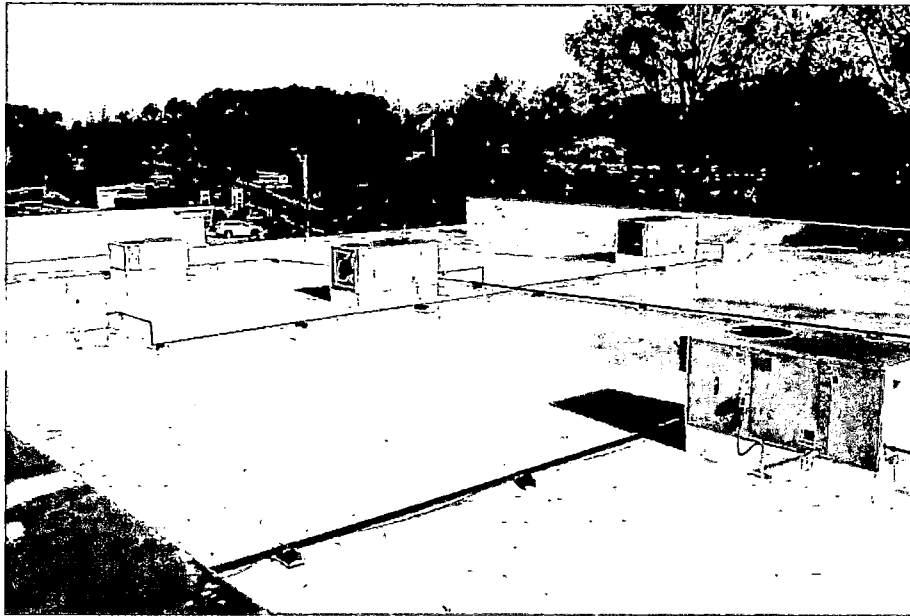


Photo 13: Overview of roof of Books-A-Million. Note absence of displaced or peeled-back portions of membrane.

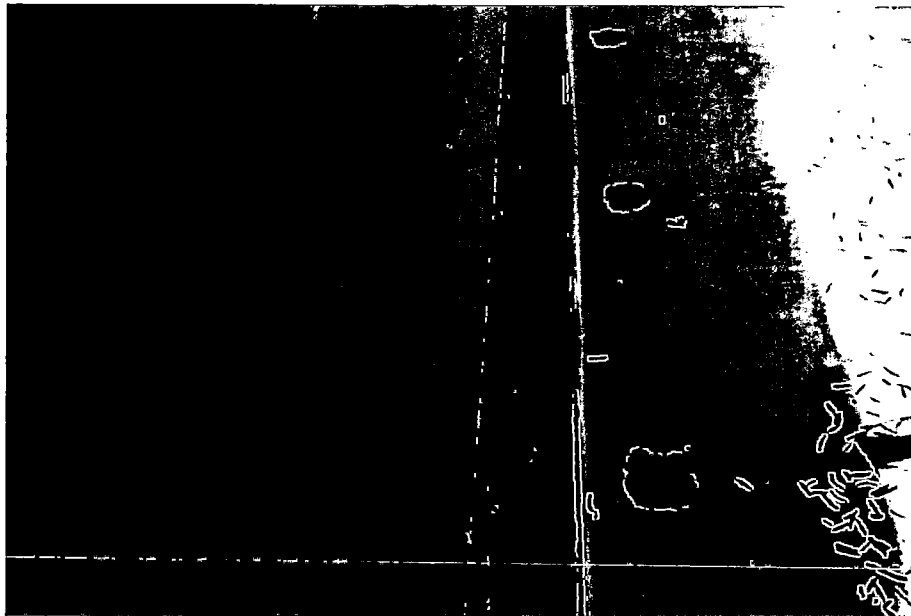


Photo 14: TPO roof membrane adjacent to parapet wall. Note absence of tenting along roof edge.

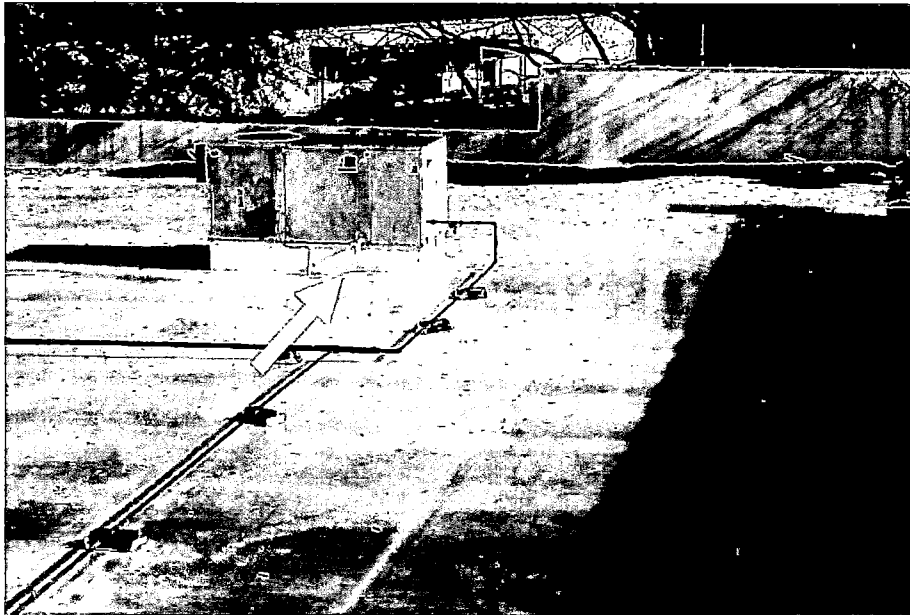


Photo 15: HVAC unit on roof of Books-A-Million. Note moisture staining on HVAC curb.

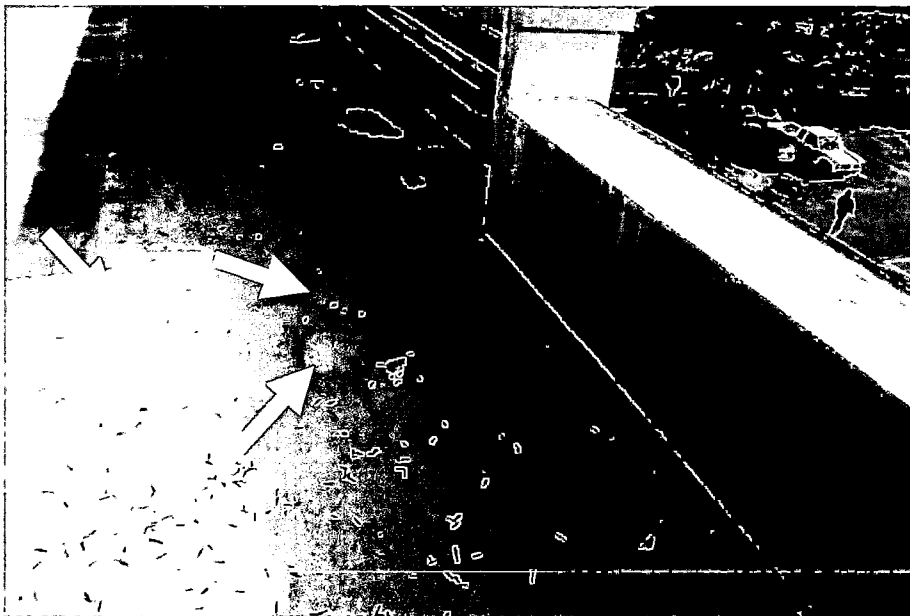


Photo 16: Patches on TPO membrane on roof of Books-A-Million.



Photo 17: Overview of TPO roof over Big Lots, Staples, and Gold's Gym.



Photo 18: Section of EPDM roof over northeast side of Big Lots.



Photo 19: Patch on TPO membrane over Big Lots, Staples, and Gold's Gym.



Photo 20: Additional patches on TPO membrane over Big Lots, Staples, and Gold's Gym.

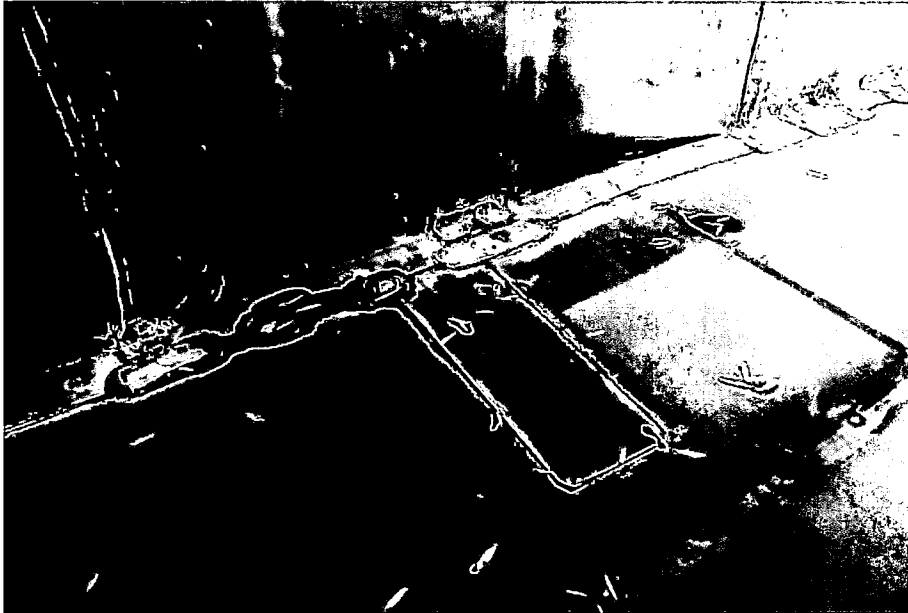


Photo 21: Patches on EPDM membrane over northeast side of Big Lots.

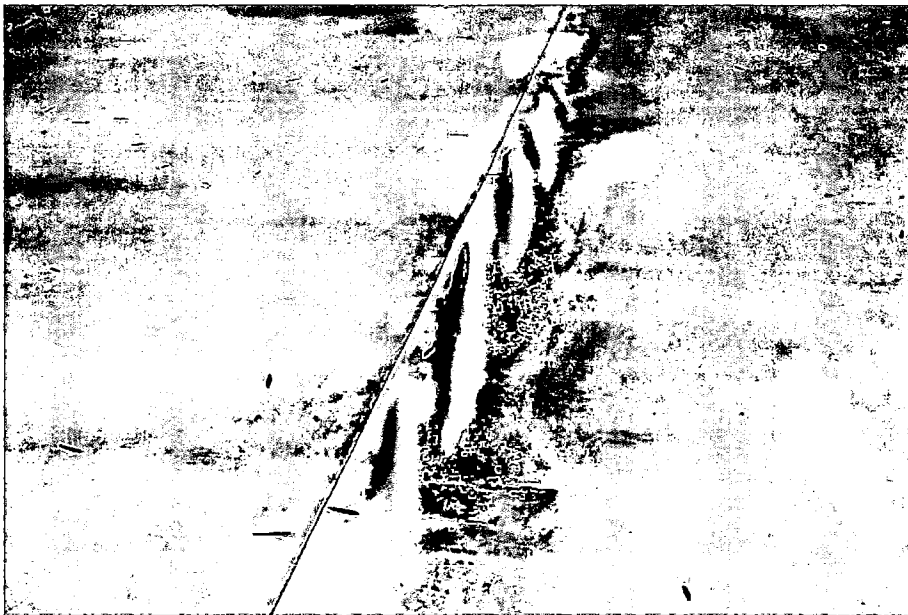


Photo 22: Wrinkling in TPO membrane.

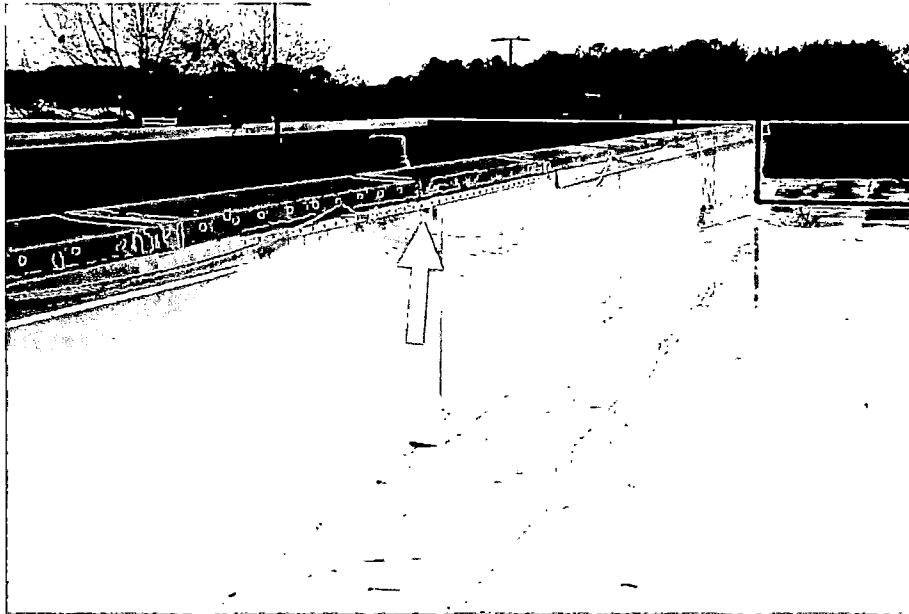


Photo 23: Missing counterflashing at roof-wall interface above the Big Lots space.



Photo 24: Previous repair material along CMU wall over Big Lots.

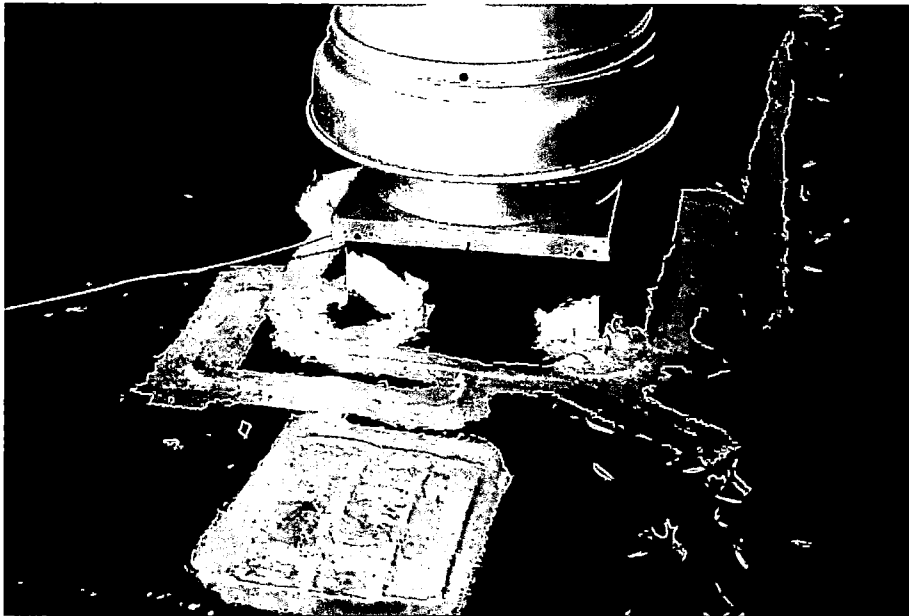


Photo 25: Previous repair material on EPDM roof over northeast side of Big Lots.

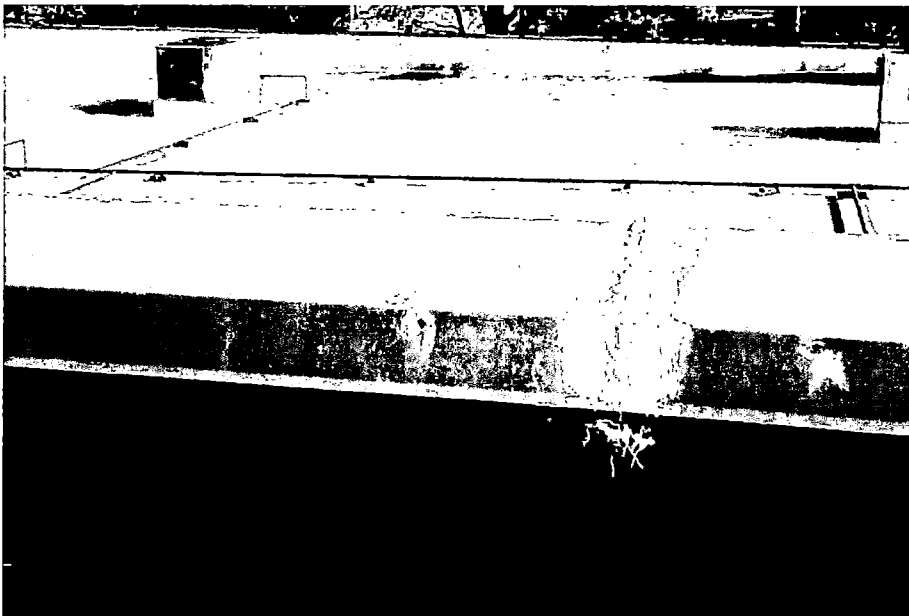


Photo 26: Previous repair material at parapet at Big Lots.



Photo 27: Corroded parapet cap and openings visible at previous repair material (indicated with arrows) at Big Lots.

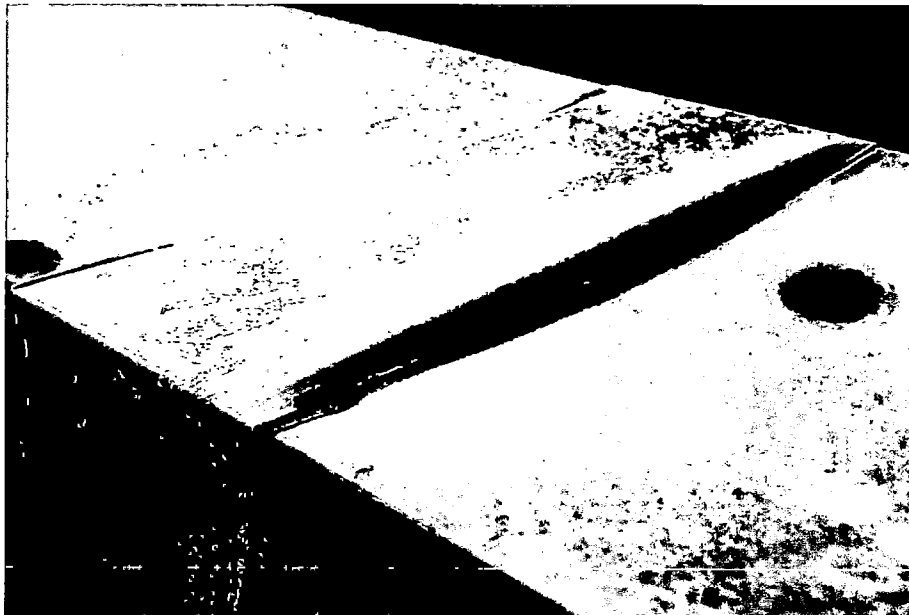


Photo 28: Opening at parapet cap at east side of Big Lots.

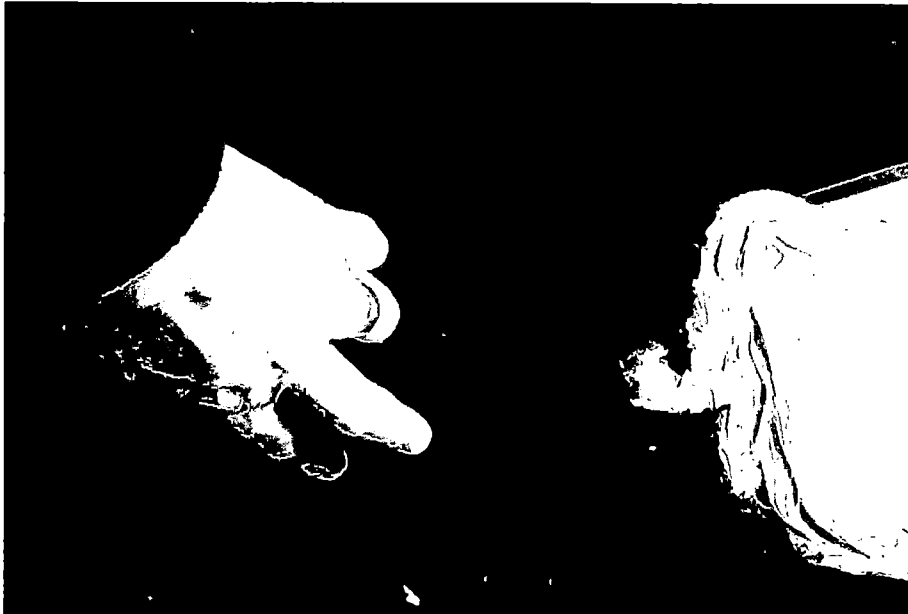


Photo 29: Opening at membrane seam over northeast side of Big Lots.

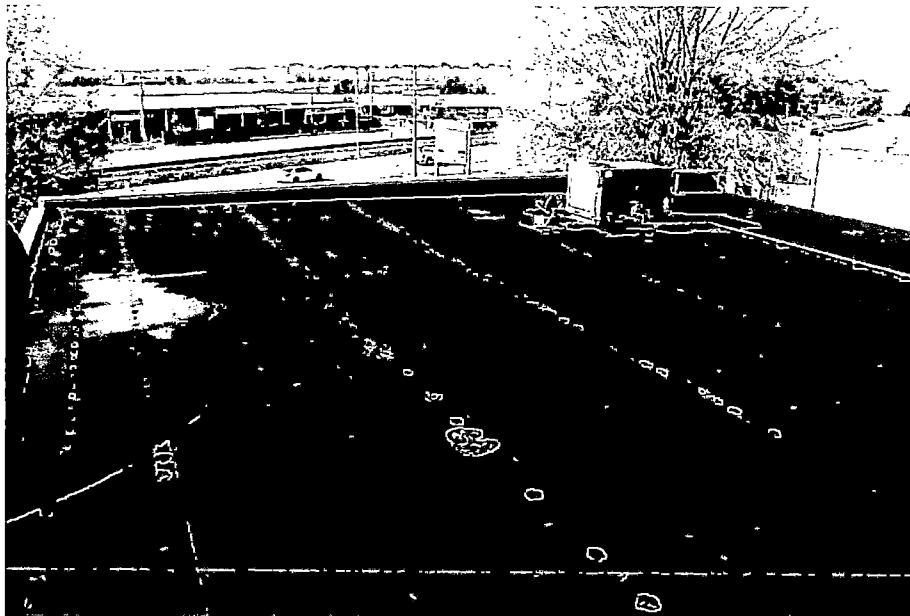


Photo 30: Overview of EPDM roof over vacant space.

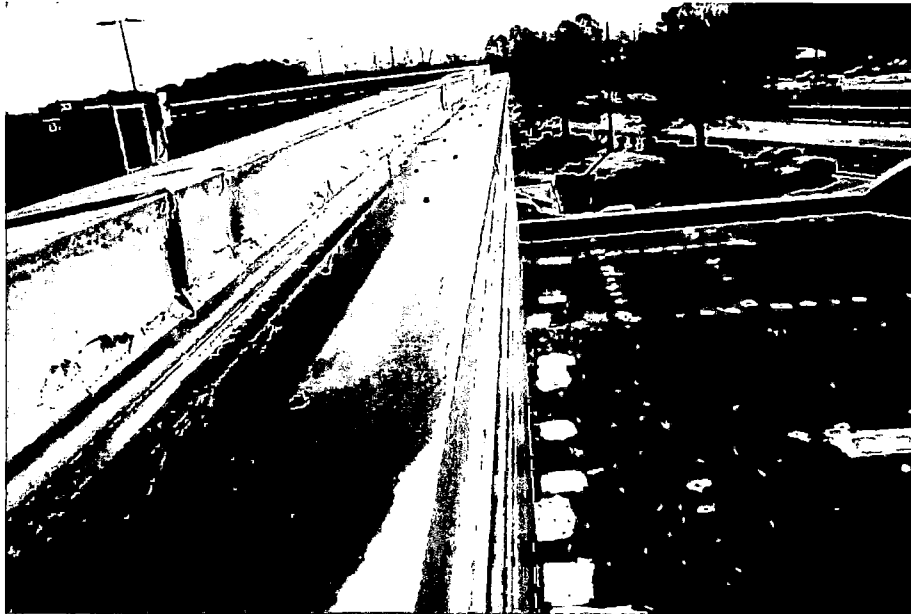


Photo 31: Patches on EPDM membrane over vacant space.



Photo 32: Additional patches on EPDM membrane over vacant space.

EXHIBIT F

SELECTIVE
BE UNIQUELY INSURED™

Selective Insurance Company of America
Ronald S Rudow
P.O. Box 7264
London, KY 40762
Phone#: 331-223-2829
Fax#: 877-352-6550
ronald.rudow@selective.com

December 29, 2020

North Berkeley Development Associates LLC
227 E Front Street
New Bern, NC 28560

C/O The Law Offices of Oliver & Cheek PLLC
Attn: George M. Oliver
405 Middle Street
New Bern, NC 28563

Sent Via Electronic & Regular Mail

RE:	Insured:	North Berkeley Development Associates LLC
	Our Claim Number:	21906407
	Selective Policy Number:	S 2003458
	Policy Period:	12/1/2017 – 12/1/2018
	Loss Location:	
	Premises 001:	1312 Parkway Drive, Goldsboro, NC 27534
	Building Policy Limit:	\$7,242,000
	Date of Loss:	09/14/2018
	Company Name:	Selective Insurance Company of South Carolina

Dear Mr. George M. Oliver,

I am the Executive General Adjuster employed by Selective Insurance Company of America, which is handling this claim on behalf of the insurance carrier, Selective Insurance Company of South Carolina (Selective). I am responsible for handling this claim and determining what coverage may be available under the terms of the insurance policy purchased by North Berkeley Development Associates, LLC (North Berkeley) from Selective.

North Berkeley has requested that Selective provide insurance coverage for the claim made for exterior and interior damages resulting from Hurricane Florence. The request was made under the insurance policy purchased from Selective and which is referenced above.

SUMMARY OF SELECTIVE'S POSITION

I have carefully evaluated the facts and circumstances of this claim. Unfortunately, I must advise North Berkeley that the terms of the policy purchased from Selective does not afford insurance coverage for a portion of this claim. The purpose of this letter is to explain how this decision was made. Obviously, if North Berkeley or your office feels we have reached this determination in error, please contact me so we can discuss this matter and I will be happy to answer any questions either of you may have. If either of you should come into possession of new or different information which may cause Selective to change its decision; I will be pleased to review it. However, if I do not hear from North Berkeley or your office in the next 30 days, I will assume North Berkeley and your office accept our decision and I will close the file.

FACTS OF THIS CLAIM

The claim was reported to us on September 17, 2018 for possible wind, hail or water damage to the scheduled loss location as a result of Hurricane Florence. An initial inspection was conducted on September 21, 2018 by Selective to identify the extent of the exterior and interior damages to the building. The exterior inspection confirmed minimal wind damage to flashing materials at a parapet wall between tenants Big Lots and Books-A-Million. The reported interior water damage was identified in the Gold's Gym tenant space and not within proximity of the identified wind damage to the exterior. The total damage was estimated at \$583.33 and below the applicable policy deductible.

The Law Offices of Oliver & Cheek presented their Letter of Representation to Selective on June 12, 2020. Your office presented additional detailed information on October 19, 2020 which included a Roofing Damage Evaluation report from Element Analytical, PLLC and multiple Carolina Foam Insulation, Inc. estimates and/or invoices.

Michael P. Lester, P.E. & C.F.E.I. of Element Analytical, PLLC inspected the loss location on June 30, 2020 and August 12, 2020. Their written report confirmed "...limited roofing damages above the 1312 building," while also stating "The only readily visible wind-damaged component present was a section of parapet wall flashing along the east side of the larger roof section over 1312." The report also highlights two (2) documents reviewed which appeared to be invoices from Carolina Foam Insulation, Inc. The invoices acknowledged a flashing and puncture repair over tenant Big Lots, an inspection of the roof level over Gold's Gym and a repair to wall flashing, cut membrane and caulking at a wall flashing over Books-A-Million.

Selective retained expert, Greg Beste RA, AIA, NCARB of J.S. Held LLC (JSH) to conduct a site examination of the scheduled loss location. This was completed on December 15, 2020 with Ray Neelon of Neelon R. Associates present at your office's request. The site investigation conducted by JSH observed various TPO and EPDM roof membrane patches which is consistent with the Element Analytical PLLC report and the

Carolina Foam Insulation, Inc. invoices in the subsequent 2-3 months immediately after Hurricane Florence. There were no other observed damages or deficiencies to either membrane surface during the course of their site investigation.

JSH also documented various issues pertaining to the interior water damages being observed through various tenant spaces of this building. The exterior side of the rear elevation wall of Books-A-Million has heavy water staining from the roof edge gutter down to the ground. The interior side of this same wall location is also showing evidence of moisture saturation. The issues observed to this masonry wall are not the result of a one-time occurrence from Hurricane Florence.

JSH also documented water intrusion issues within the interior of Books-A-Million resulting from a constant drip and leaking from the drain condensate line from the HVAC equipment above. There is clear evidence of long term water staining to the TPO roof membrane material which is directly below this drain condensate line. The issues observed to this TPO material and interior damage are not the result of a one-time occurrence from Hurricane Florence.

JSH also documented masonry wall saturation within tenants Big Lots, Staples and Gold's Gym as evidence by moisture staining and paint deterioration. The level of damages observed in these areas is not the result of a one-time occurrence from Hurricane Florence.

SELECTIVE'S COVERAGE DETERMINATION

Based upon our investigation to date, we have identified certain provisions of the North Berkeley policy which are applicable to portions of their claim. In this section, I will review those parts of the policy and explain why coverage is not available under the terms of the policy North Berkeley purchased.

Please refer to the CP 10 30 10 12 Causes of Loss – Special Form, which states:

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

2. We will not pay for loss or damage caused by or resulting from any of the following:

 - d. (1) Wear and tear;

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(4) Settling, cracking, shrinking, or expansion;

f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

c. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

Based on the site inspections conducted at the scheduled location, we determined the policy provisions outlined above, B. Exclusions and C. Limitations, would be applicable for the interior water damage presented by North Berkeley. Therefore, the claim presented to us for the repair or replacement of interior water damaged items in the identified areas are not covered by the policy.

Although Selective is today declining coverage for a portion of this claim, we will keep the file open for thirty days in case North Berkeley wishes to discuss the decision or gives us more or different information that may be relevant. We reserve the right to modify our position based on any such new or different information. All rights, whether mentioned in this letter or not, are hereby expressly reserved and no acts or failure to act by Selective are intended, nor shall they be construed as, a waiver of any of Selective's rights.

Based on the site inspections conducted at the scheduled location, we determined there was minimal wind-borne impact damage to the 1312 Parkway Drive location. North Berkeley appears to have addressed the inspection of the premises and necessary repairs due to the incurred invoices from Carolina Foam Insulation, Inc. in the 2-3 immediate months following the storm event. The documentation received from your office in October 2020 shows an incurred cost of \$1,360.00 which continues to be below the applicable policy deductible.

Hopefully, this letter provides North Berkeley with a clear explanation of Selective's position regarding their insurance coverage available for this claim. However, if our explanation is not clear, or if there is a need to discuss any aspect of this claim, please feel free to contact me at 978-943-1002.

In the meantime, thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rudow', with a long horizontal flourish extending to the right.

Ronald S Rudow
Executive General Adjuster

Cc: The Clement Companies
North Berkeley Development Associates LLC

CLAYTON W. CHEEK
BENJAMIN R. EISNER
GEORGE MASON OLIVER
CIARA L. ROGERS
LINDA B. GREEN



405 MIDDLE STREET
P.O. BOX 1548
NEW BERN, NC 28563
www.olivercheek.com

TELEPHONE: (252) 633-1930
FACSIMILE: (252) 633-1950

EXHIBIT G

June 4, 2021

Selective Insurance Company
Attn: Ronald S. Rudow
40 Wantage Avenue
Branchville, NJ 07890
Ronald.Rudow@selective.com

Re: North Berkeley Development Associates, LLC/ Damage Due to Hurricane Florence
Policy No.: S 2003458
Claim No.: 21906407
Property Addresses:
1310 Parkway Drive, Goldsboro, NC 27534; and
1312 Parkway Drive, Goldsboro, NC 27534

Dear Mr. Rudow:

On October 19, 2020, a supplemental claim request was submitted to Selective Insurance Company ("Selective") requesting payment in the amount of \$3,824,512.50 for the above referenced claim (the "Supplemental Claim Request"). The Supplemental Claim Request included an engineering report from Element Analytical, PLLC (the "Element Analytical Report"), invoices and estimates for roof repairs from Carolina Foam Insulation, Inc. ("Carolina Foam") on the insured properties, and a report from a public adjuster, Neelon R. Associates (the "Neelon Report").

In response to the Supplemental Claim Request, Selective partially denied the claim in a letter dated December 29, 2020 (the "Partial Denial Letter"), which referenced a site investigation report prepared by JS Held, LLC (the "JS Held Report"). On January 29, 2021, my office requested additional time to review the JS Held Report and respond to the Partial Denial Letter. Thank you for allowing the additional time for review of the JS Held Report, as this correspondence serves to fully respond to the Partial Denial Letter.

On March 8, 2021, Mr. David V. Day, DFE ("Mr. Day") of CASA Engineering, LLC ("CASA") conducted an engineering evaluation and roof damage assessment on 1310 and 1312 Parkway Drive, Goldsboro, North Carolina (the "Properties"). At the conclusion of the evaluation, Mr. Day prepared a Roof Damage Assessment report (the "CASA Report") dated March 23, 2021, a copy of which is enclosed as **Exhibit A**.

Tenant Interviews

Mr. Day interviewed the Staples store manager during his site visit and indicated in the CASA Report that the “[s]tore manager stated roof continues to leak with every big rain.”

Evidence of Prior Repairs and Existing Damage

The CASA Report includes observations of repairs and existing damage to the exterior TPO roof to include repair of the east wall parapet cap, patches varying in size from one square foot to three square feet, and an insulation board that moved when walked on. The CASA Report further describes conditions to the EPDM structure on the east side of Big Lots to include a lifted patch in the center of the roof and “[m]ultiple breaches to coatings at CMU block wall” on the west side.

These repairs were observed in the Element Analytical Report, as well as “...softened substrate along the northern margin of the west section and various other areas near the north side of the larger roof section.” As previously noted, the Element Analytical Report found the “...membrane roofing at this site is experiencing apparent water intrusion at a few areas...” and that “observations and repair invoicing indicate some substrate damages probable because of the membrane punctures likely associated with intrusion after windborne debris, impact, which can occur at experienced wind speeds....In summary, windborne debris impact likely resulted in limited roofing damages above the 1312 building, and wind likely dislodges a section of flashing over that building.”

In its Executive Summary, the JS Held Report states “[i]solated areas of roof membrane patches were observed; however, the nature and cause of the damage which resulted in these patches could not be determined, as the patches obscured the membrane beneath.” However, the JS Held Report later concludes that the “roof patches were consistent with repairs of punctures cased [sic] by wind-borne debris impacts; however, this could not be confirmed, as the repairs had occurred prior to J.S. Held’s inspection and obscured the membrane beneath.” While the JS Held Report states it cannot confirm the cause of the repairs, it further states “[t]he roof membrane patches were sporadic in nature, as would be expected of wind-borne debris.”

Mr. Day’s evaluation included review and consideration of the Element Analytical Report, Carolina Foam invoices, and the JS Held Report. The CASA Report, after consideration of the above, concludes that the repairs to the roof, observed in all three reports, were repairs “...done shortly after hurricane due to damage caused by the hurricane.”

The Element Analytical Report, JS Held Report, and CASA Report all observe evidence of roof repairs and conclude that the repairs were likely done as a result of wind damage.

Water Staining on Walls

The JS Held Report and CASA Report both include observations and multiple photographs of water stains on interior CMU walls. In its conclusions, the JS Held Report stated “...water infiltration on the walls that divide the units was related to the roof-wall transition detailing.” The CASA Report contradicts this finding, stating “[b]oth Held and Element failed to observe the multiple coating breaches to the CMU coating. This allowed wind driven rain to enter through the exposed CMU permeable wall surface.”

Conclusion

In the CASA Report, Mr. Dye determines that both physical evidence and historical data support “the fact that wind damage occurred at the property.” He further concludes that “breaches to the TOP and CMU coating allowed water to get below the membrane and damage insulation board.”

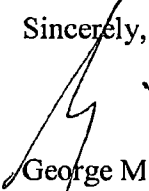
H2 Contracting, LLC (“H2 Contracting”), a general contracting firm licensed in North Carolina, provided an estimate dated May 18, 2021 for the cost to repair the damages to the interior of the Properties (the “H2 Contracting Estimate”). The H2 Contracting Estimate, enclosed as **Exhibit B**, estimates the cost of interior repairs to the insured properties to be \$228,380.00.

Also enclosed for your review as **Exhibit C** is a revised report from Neelon R. Associates, a public adjuster, dated June 2, 2021 (the “Revised Neelon Report”). Based on Mr. Day’s findings in the CASA Report, the H2 Contracting Estimate, and the Revised Neelon Report cost to repair wind damage caused by Hurricane Florence is \$1,662,064.30.

Hurricane Florence caused severe wind damage to the Properties. Please review the enclosed CASA Report, H2 Contracting Estimate, and Revised Neelon Report and issue a supplemental payment for the wind claim in the amount of \$1,662,064.30. All payments should be made payable to North Berkeley Development Associates, LLC and delivered to my law firm’s address in New Bern, North Carolina.

Please contact me should you have any questions regarding this matter.

Sincerely,



George M. Oliver

GMO/eap

Enclosures as stated

cc: Mr. Tolson – *via email*

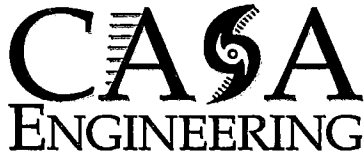


EXHIBIT A

Civil & Structural Associates

North Berkley Development LLC
227 E. Front St.
New Bern, NC

March 23, 2021

**Re: Roof Damage Assessment
1310 & 1312 Parkway Dr.
Goldsboro, NC
Project No. CASA 218003-04**

Attn: Hubert Tolson

In accordance with your instructions, CASA Engineering, LLC (CASA) conducted a Roof Damage Assessment at the property. Mr. David V. Day, DFE performed the site visit on 3-08-21. CASA was requested to investigate Hurricane Florence damage to the roof and interior and any other findings. This report provides a summary of the observed conditions as well as our evaluation and conclusions regarding the reported damage.

Engineering Evaluation Activities

CASA performed the following tasks to investigate the reported damage at the property:

- Conducted a visual, non-destructive assessment of the affected portions of the structure to document, photograph, and evaluate the site conditions.
- Reviewed the following documents:
 1. Roof Damage Evaluation by Element Analytical, PLLC dated 9-24-20.
 2. Roof Replacement Contract for subject property dated 6-20-14.
 3. Storm Assessment Report from J.S. Held dated 12-18-20.
 4. Repair diagrams of roof repairs done after storm.
- Researched weather data recorded in the general vicinity of the project site to understand conditions during the time of primary concern;
- Performed an engineering evaluation of the information provided and gathered at the site to assess the observed conditions; and
- Prepared this report summarizing the results of the field investigation along with our evaluation and conclusions.

1117 N. Stuart Place Rd., Suite E
Harlingen, Texas 78552
Phone 956.428.7900
Fax 956.428.7903
TX Registered Firm F-8483

Site Description and Background Information

The property is located at 1310 Parkway Dr. Goldsboro, NC. The entire structure is a shopping center consisting of multiple stores with connected roofs. The roof structures consist of 22 gauge metal deck with tapered insulation and a combination of TPO and EPDM single ply membranes. For the purposes of this report, CASA references the entrance of each structure as the front elevation. The right, rear, and left wall elevations proceed counter-clockwise respectively, from this elevation. Stores inspected during this visit were Staples and Big Lots at south side of structure and Gold's Gym at north side of structure.

Attached photographs represent conditions observed during the site inspection. All photographs and other information obtained by CASA will be retained in the project folder in accordance with CASA's document/file retention policies.

Mr. Ray Neelon, owner's public adjuster, was present during the field portion of the assessment and provided access to the property.

Interview with Tenant:

Staples – Store manager stated roof continues to leak with every big rain.

Big Lots – Store manager showed staining in drop ceiling tiles along right wall and water staining at left wall of shopping area.

Researched Weather Data

According to National Weather Service (NWS) Hurricane Florence made landfall on 9-14-18 as a Category III hurricane with 115 MPH sustained winds North of Wilmington, NC. The gusts recorded in Goldsboro were 61 MPH.

Summary of Observed Conditions

The following is a summary of the conditions observed during my site visit to investigate the reported damage at the property:

TPO roof (Staples, Big Lots and Gold's Gym)

- The east wall parapet cap had been repaired at the rear center of wall.
- Patches of various sizes from 1 sf to 3 sf were observed at east center and NE portions of roof.
- Insulation board along east wall moved when walked on.

EPDM structure located at east side of Big Lots

- Lifted patch at center of roof.
- Multiple breaches to coatings at CMU block wall at west side of EPDM roof section.

Interior:

- Big Lots – water stains to 3 ceiling tile at east wall of store area.
- Extensive water streaking at west wall of shipping area at Big Lots below EDPM roof.

Report Review:

Element Analytical

- On page 2 continuing to page 3 Element acknowledges the repairs to the roof by roofer. The conclusions on page 3 acknowledge probable substrate damage due to debris impact and damaged wall flashing above Big Lots.

J.S. Held Report

- Executive Summary is on page 1;
 1. No widespread damage to the roofs occurred as a result of the passage of Hurricane Florence.
 2. Isolated areas of roof membrane patches were observed; however, the nature and cause of the damage which resulted in these patches could not be determined, as the patches obscured the membrane.

CASA Response: The repairs were done shortly after hurricane due to damage caused by the hurricane.

- On page 6 Conclusions, Held attributes moisture at divider wall at Big Lots as due to “transition detailing”.

CASA Response: Both Held and Element failed to observe the multiple coating breaches to the CMU coating. This allowed wind driven rain to enter through the exposed CMU permeable wall surface.

Repair Diagram – Documented flashing repairs at front wall above Big Lots and right wall separating EDPM roof. They documented TPO repairs at NE area.

Engineering Evaluation

There is physical evidence and historical data that supports the fact that wind damage occurred at the property.

This evidence includes multiple patches to TPO roof cover, documentation of displaced parapet cap at east wall of Big Lots TPO roof, multiple coating breaches at the west side of east TPO wall of Big Lots.

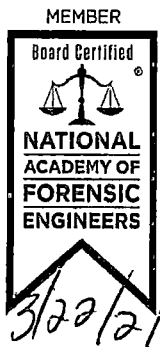
The breaches to TPO and CMU coating allowed water to get below the membrane and damage insulation board. The board appeared brittle at west side of TPO roof.

GENERAL COMMENTS

My professional services have been rendered with care and diligence and in a manner customary for professionals involved with structural investigations. This report does not cover or warrant the structural quality of any structural members or components which are not exposed and are not readily available for visual inspection or other areas not mentioned in this report; nor does it imply that the structural members or components are free from defects including but not limited to wood rot, termites, or corrosion. No other warranty, either expressed or implied, is made as to the recommendations presented in this report.

This report was prepared for the exclusive use of *North Berkley Development LLC* and is not intended for any other purpose. Our report is based on information available to us at this time. Should additional information become available, we reserve the right to determine the impact, if any, the new information has on our opinions and conclusions and to revise our opinions and conclusions if necessary and warranted.

Sincerely,



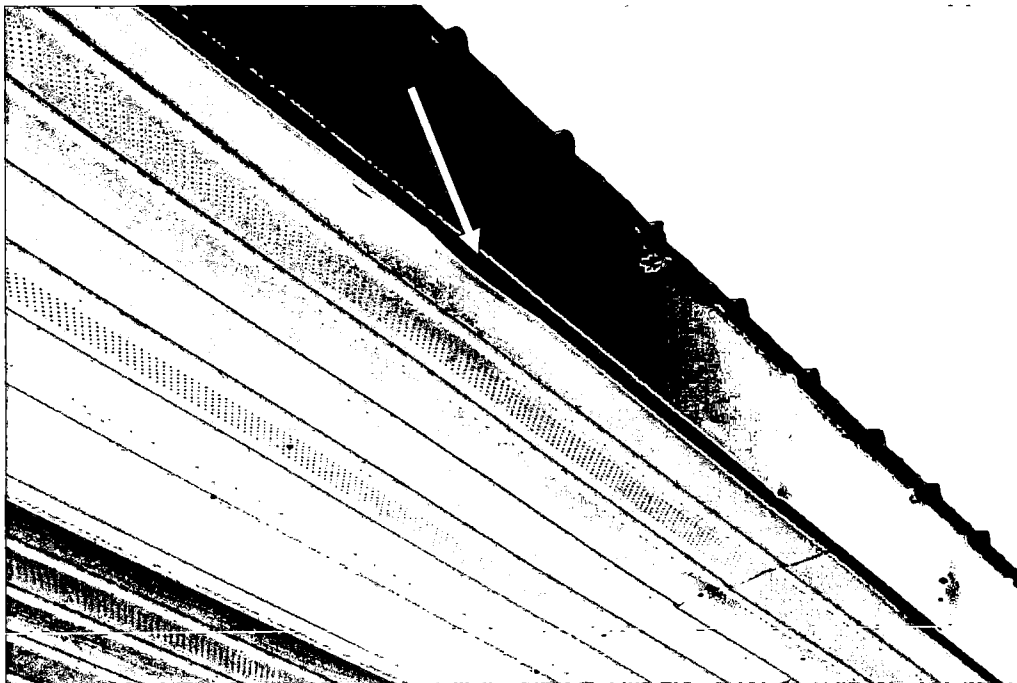
A handwritten signature in black ink, appearing to read "David V. Day".

David V. Day, DFE

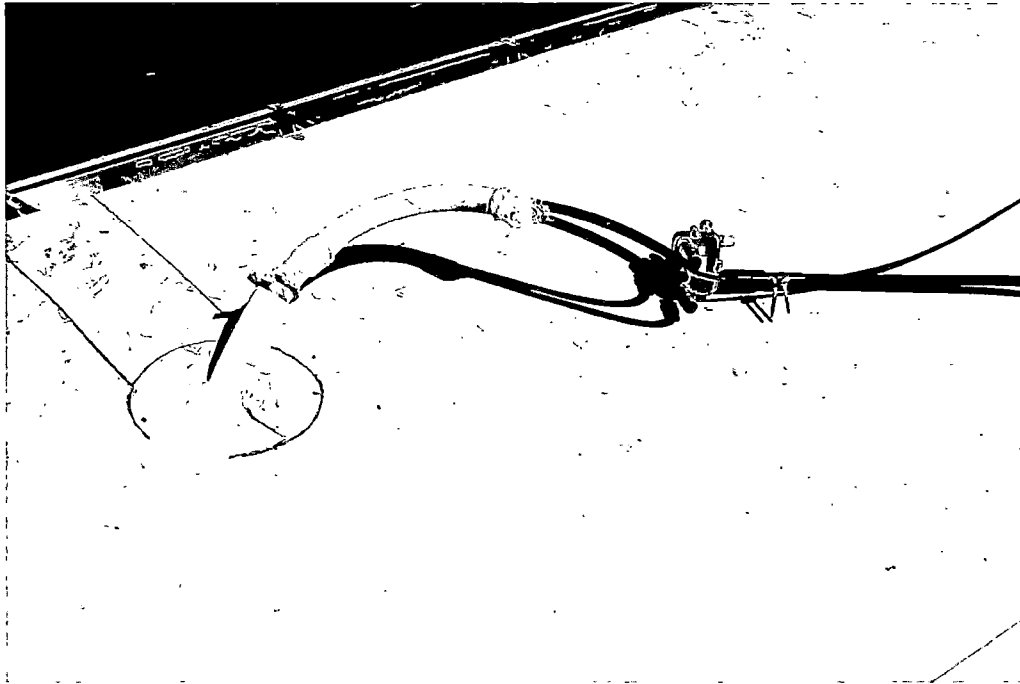
CASA Engineering, LLC
1117 N. Stuart Place Rd., Harlingen, Texas 78552
Texas Certificate of Registration #F-8483



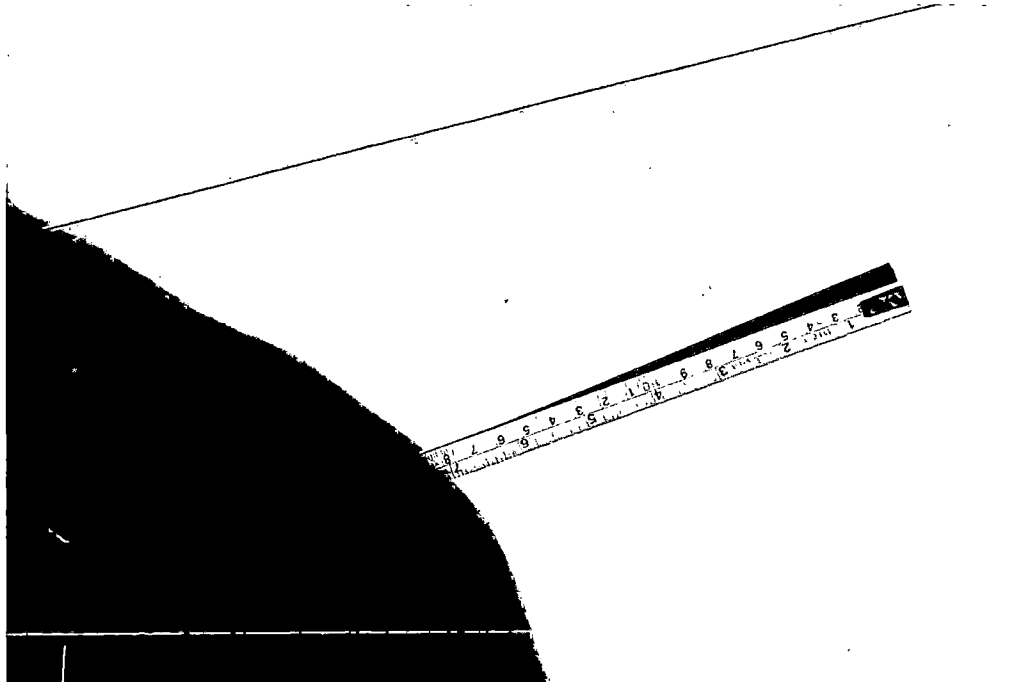
Gold's Gym, 1308 Parkway Dr. Goldsboro, NC. North Elevation.



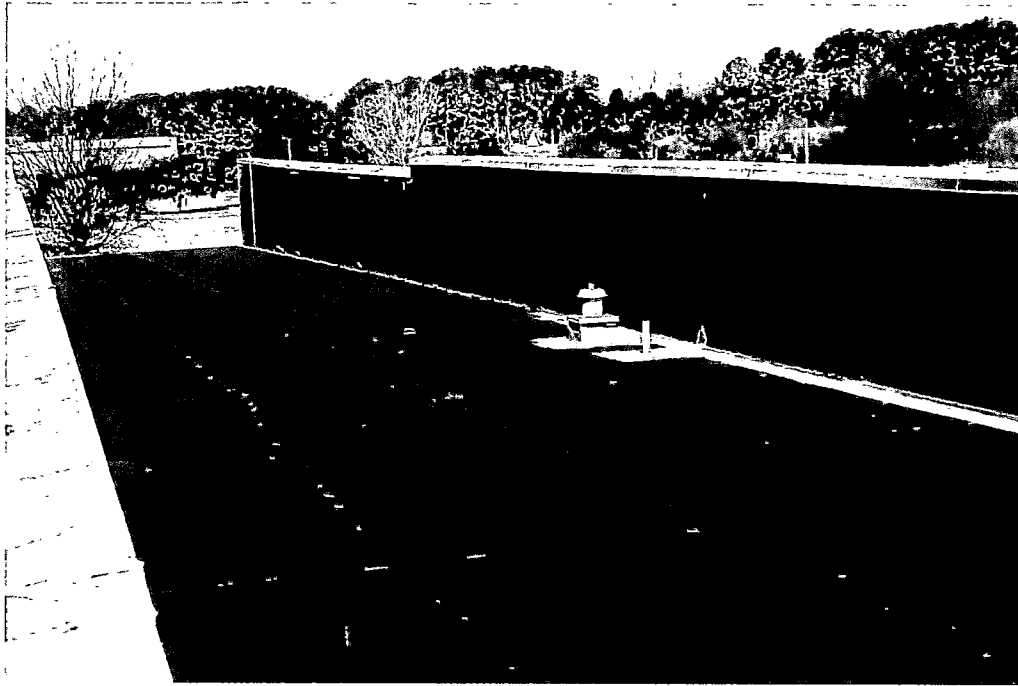
Soffit separation at entrance to Gold's Gym.



Cable pipe bent over.



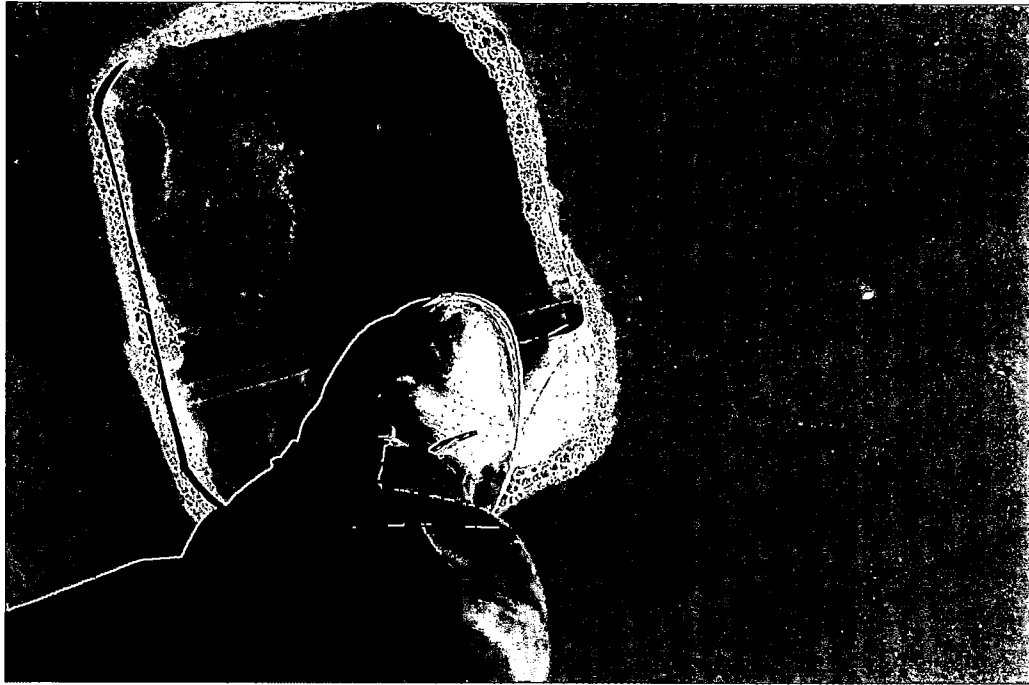
TPO fastened at 6" O.C.



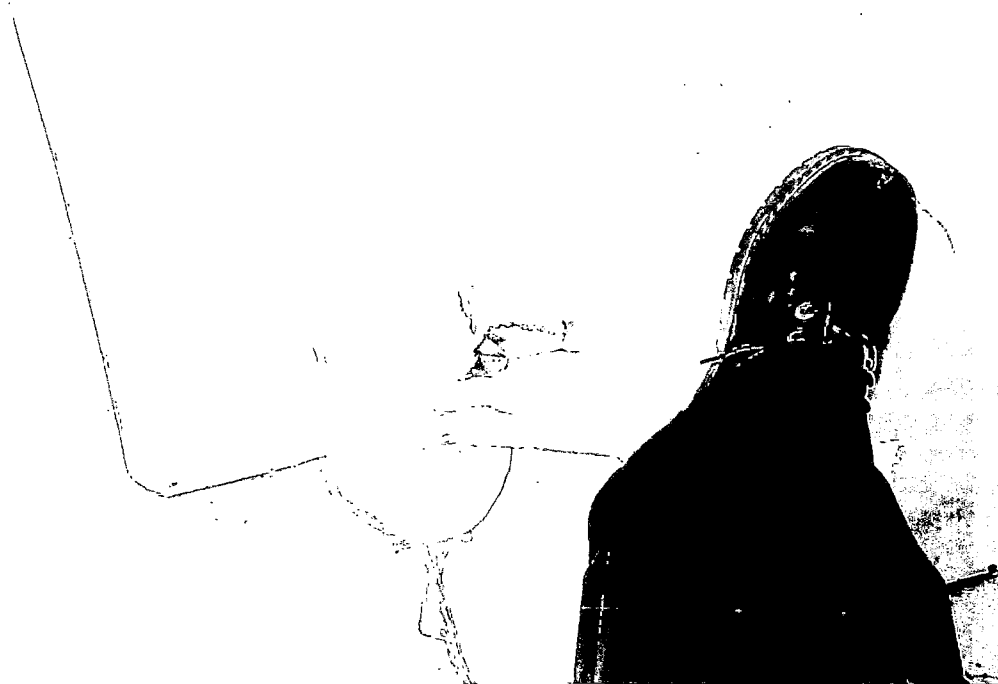
EPDM membrane at East side of Big Lots.



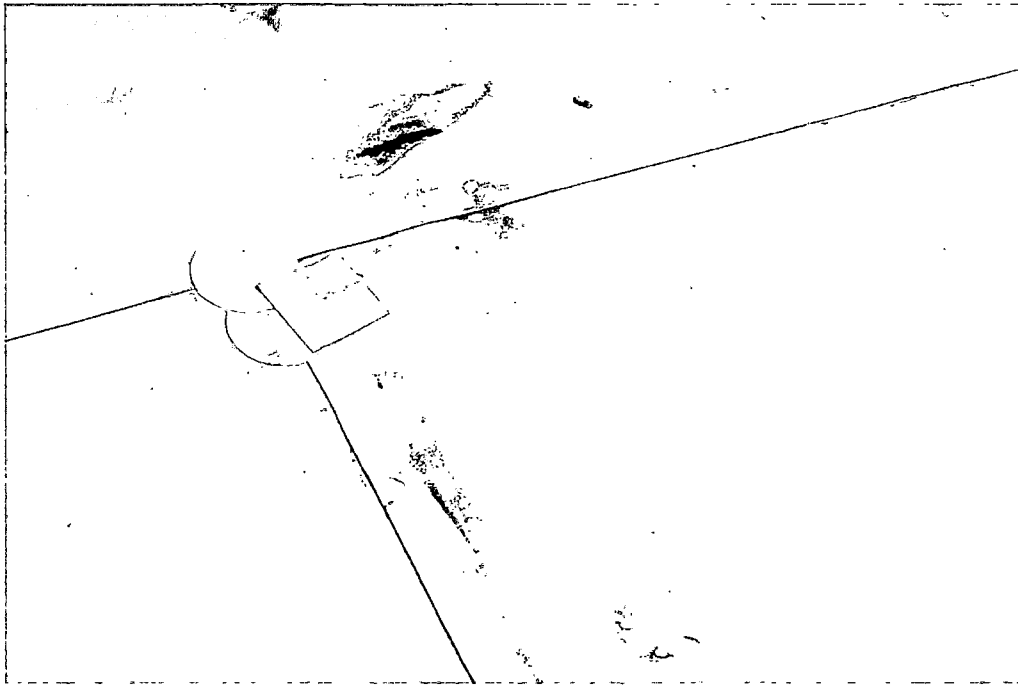
Coating breaches at east side of Big Lots.



EPDM lifted patch.



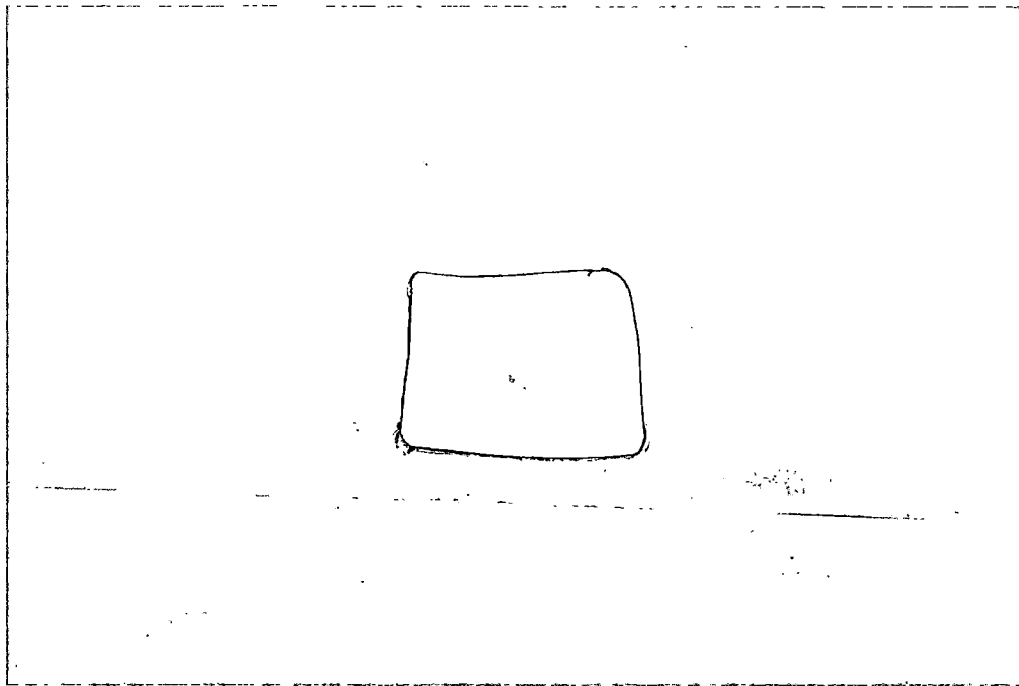
Repair at NE side.



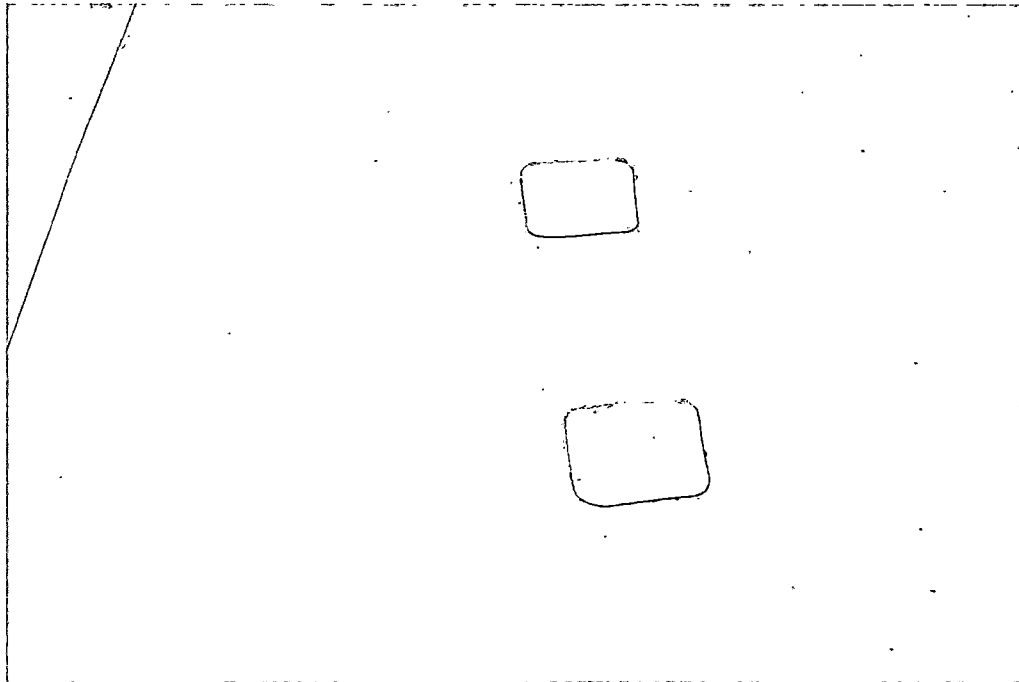
Recent repair.



Recent repair.



Recent repair.



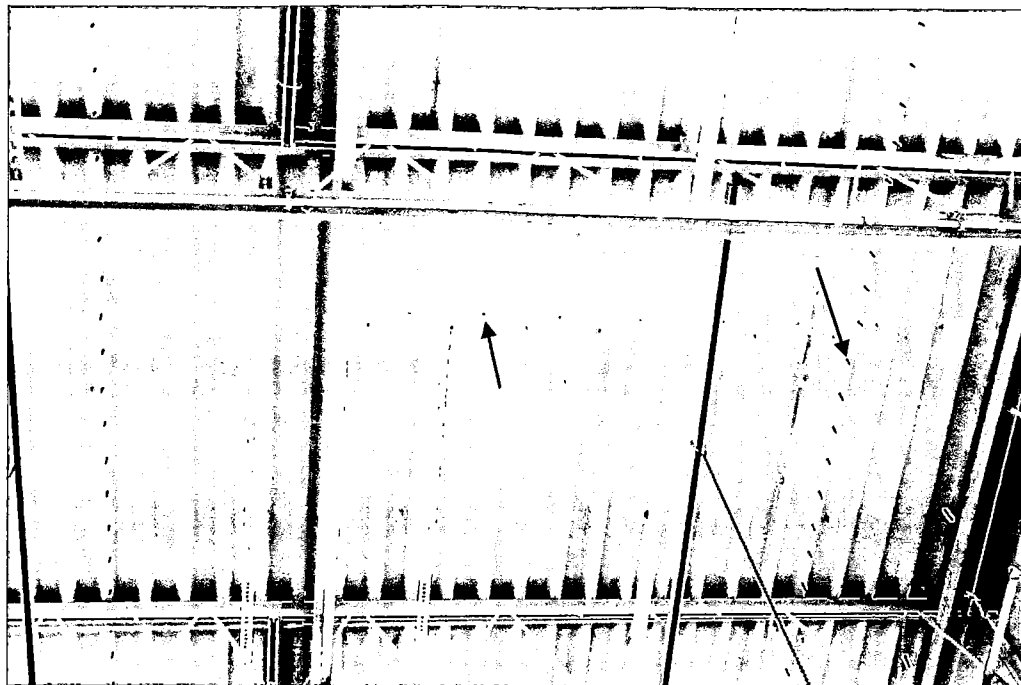
Recent repair.



Big Lots, East side.



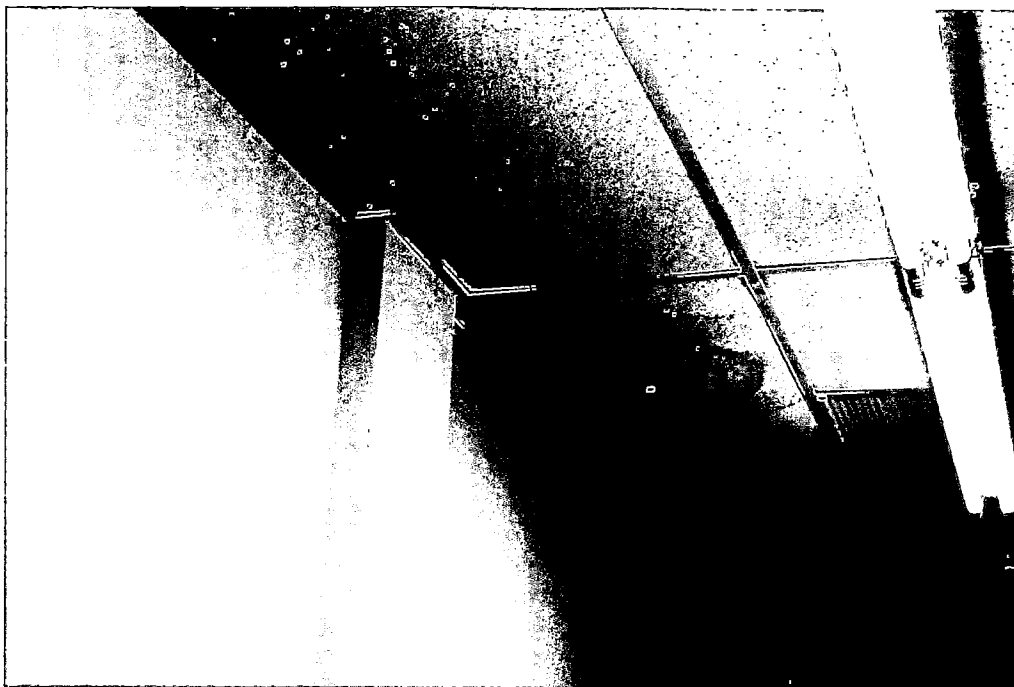
Staples, West side.



Underside of deck at Staples. Dark screws parallel to deck are TPO fasteners. Smaller screws (arrow) are insulation screws.



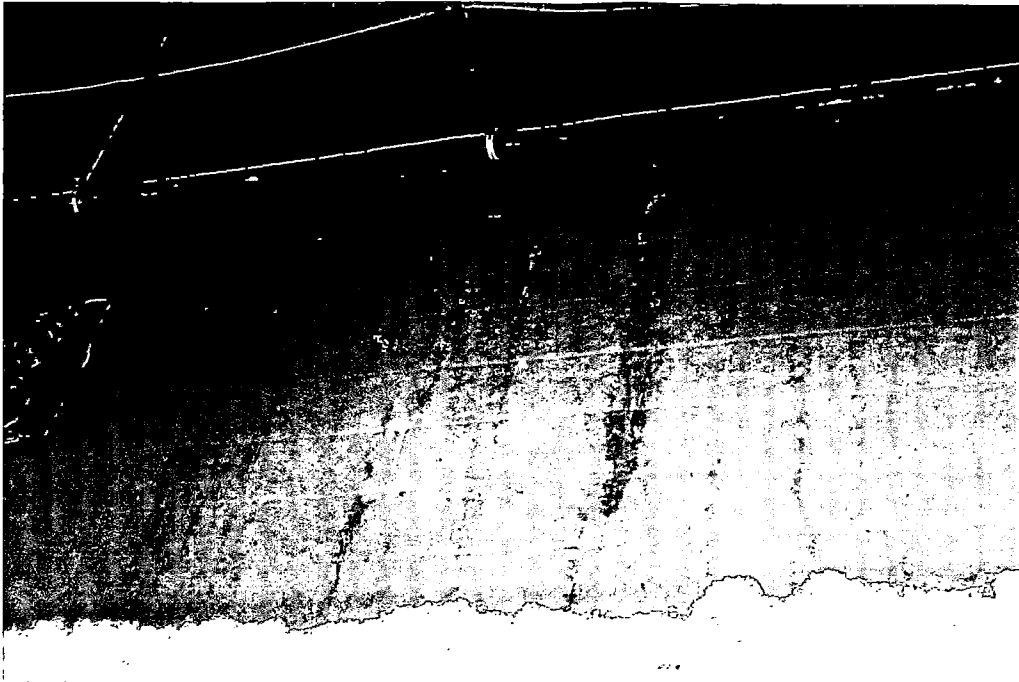
Water stains at east wall of Big Lots.



Water stains at east wall of Big Lots.



Water running down wall at west wall of Big Lots shipping area.



Water running down wall at west wall of Big Lots shipping area.

EXHIBIT B



5/18/21

UHF Development

227 E. Front St.

New Bern, NC

28560

Project: North Berkeley Development

1312 N. Parkway Dr.

Goldsboro, NC 27534

Insurance Repair Work

- Provide all Supervision, Labor, Materials, Insurance, Permits for complete scope of repair work
- Provide all necessary temporary facilities – Dumpster, Toilet
- Interior Scope**
- Includes interior protection and moving of racking, interior furnishings as needed
- Staples Showroom and warehouse area – Prep existing block wall and repaint with block filler sealer
- Big Lots warehouse – Prep existing block wall and repaint with block filler sealer
- Big Lots sales floor, and hallway– Remove and replace 2'x4' ceiling tile approx. 10,800 SF
- Includes Cleaning up and hauling off all debris
- Total Interior Cost = \$228,380.00**

BUDGET AMOUNT: _____ \$228,380.00

Exclusions:

- Items not listed above
- HVAC Equipment
- Electrical
- Plumbing

Submitted by:

Kyle Holmes

H2 Contracting, LLC

731 McGilvary St.

Fayetteville, NC 28301

O: 910-484-0524

F: 910-484-0341

NC Lic. 78690 SC Lic. G121675

NEELON R. ASSOCIATES EXHIBIT C

Neelon R. Associates
Winterville, NC 28590
252-378-7994
e-mail: neelonandassoc@gmail.com

Insured: NORTH BERKELEY DEVELOPMENT ASS
Property: 1312 N. Parkway Drive
 Goldsboro, NC 27534

Claim Rep.: THOMAS SCHAMENS

Business: (317) 818-6173
E-mail: thomas.schamens@selective.com

Estimator: Ray Neelon
Company: Neelon R. Associates

Business: (252) 378-7994
E-mail: neelonandassoc@gmail.com

Claim Number: 21906407

Policy Number: S 2003458

Type of Loss: Wind Damage

Date of Loss: 9/14/2018

Date Received:

Date Inspected:

Date Entered: 10/5/2019 10:34 AM

Price List: NCKI8X_MAY21
 Restoration/Service/Remodel
Estimate: 1310-NORTH-PARKWAY-1

NEELON R. ASSOCIATES

Neelon R. Associates
 Winterville, NC 28590
 252-378-7994
 e-mail: neelonandassoc@gmail.com

1310-NORTH-PARKWAY-1**Roof**

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
61. Remove Single ply membrane - Fully adhered system - 60 mil 15% waste included	1,044.56 SQ	66.97	0.00	13,990.84	83,945.02	(0.00)	83,945.02
62. Single ply membrane - Fully adhered system - 60 mil <i>Includes parapet walls</i> 15% waste included Includes: PVC or TPO membrane, hot weld seams, and installation labor.	1,201.24 SQ	389.11	14,652.64	96,413.42	578,480.56	(0.00)	578,480.56
63. R&R Cap flashing - large	404.50 LF	24.57	465.80	2,080.86	12,485.23	(0.00)	12,485.23
64. Remove Insulation - ISO board, 1" 10% waste included	1,044.56 SQ	37.10	0.00	7,750.64	46,503.82	(0.00)	46,503.82
65. Insulation - ISO board, 1" 10% waste included	1,149.02 SQ	156.29	4,859.84	36,888.02	221,328.20	(0.00)	221,328.20
66. Insulation - ISO board, 3 1/2" <i>Current IRC code requirement.</i>	1,044.56 SQ	342.02	11,534.37	73,758.96	442,553.74	(0.00)	442,553.74
68. R&R Membrane roofing - cant strips - wood	2,293.11 LF	3.92	174.91	1,832.78	10,996.68	(0.00)	10,996.68
70. R&R Pitch pan / pocket - up to 6" x 6" x 4" *	4.00 EA	113.46	12.72	93.30	559.86	(0.00)	559.86
71. Central air - condenser unit - Detach & reset	5.00 EA	579.26	0.00	579.26	3,475.56	(0.00)	3,475.56
72. R&R Roof drain - PVC/ABS - 2" to 6" outlet	3.00 EA	385.66	37.40	238.88	1,433.26	(0.00)	1,433.26
73. R&R Flashing - pipe jack	3.00 EA	44.91	2.46	27.46	164.65	(0.00)	164.65
74. R&R Curb flashing - PVC/TPO	111.00 LF	17.87	68.93	410.50	2,463.00	(0.00)	2,463.00
75. Roofing - walkway boards	75.00 SF	3.43	6.78	52.82	316.85	(0.00)	316.85
77. Telehandler/forklift (per day) - no operator	10.00 DA	449.40	0.00	898.80	5,392.80	(0.00)	5,392.80
Totals: Roof			31,815.85	235,016.54	1,410,099.23	0.00	1,410,099.23

SKETCH1**Interior**

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
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NEELON R. ASSOCIATES

Neelon R. Associates
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 252-378-7994
 e-mail: neelonandassoc@gmail.com

CONTINUED - Interior

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
UHF Development 227 E. Front St. New Bern, NC 28560 Project: North Berkeley Development 1312 N. Parkway Dr. Goldsboro, NC 27534 Insurance Repair Work Interior Scope - Includes interior protection and moving of racking, interior furnishings as needed - Staples Showroom and warehouse area – Prep existing block wall and repaint with block filler sealer - Big Lots warehouse – Prep existing block wall and repaint with block filler sealer - Big Lots sales floor, and hallway– Remove and replace 2'x4' ceiling tile approx. 10,800 SF - Includes Cleaning up and hauling off all debris Total Interior Cost = \$228,380.00 Submitted by: Kyle Holmes H2 Contracting, LLC 731 McGilvary St. Fayetteville, NC 28301 O: 910-484-0524 F: 910-484-0341 NC Lic. 78690 SC Lic. G12167							
157. Interior Damages	1.00 EA	228,380.00	0.00	0.00	228,380.00	(0.00)	228,380.00
Totals: Interior			0.00	0.00	228,380.00	0.00	228,380.00

Total: SKETCH1			0.00	0.00	228,380.00	0.00	228,380.00
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SKETCH2**General**

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
156. Dumpster load - Approx. 40 yards, 7-8 tons of debris	18.00 EA	645.50	0.00	2,323.80	13,942.80	(0.00)	13,942.80
139. Taxes, insurance, permits & fees (Bid Item)	1.00 EA	1,080.00	0.00	216.00	1,296.00	(0.00)	1,296.00
149. Temporary toilet (per month)	4.00 MO	143.99	0.00	115.20	691.16	(0.00)	691.16
151. Scissor lift - 26' platform height (per day)	20.00 DA	168.40	0.00	673.60	4,041.60	(0.00)	4,041.60
153. General clean - up	80.00 HR	37.64	0.05	602.26	3,613.51	(0.00)	3,613.51

1310-NORTH-PARKWAY-1

6/2/2021

Page: 3

NEELON R. ASSOCIATES

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CONTINUED - General

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
Totals: General			0.05	3,930.86	23,585.07	0.00	23,585.07
Total: SKETCH2			0.05	3,930.86	23,585.07	0.00	23,585.07
Line Item Totals: 1310-NORTH-PARKWAY-1			31,815.90	238,947.40	1,662,064.30	0.00	1,662,064.30

Grand Total Areas:

34,619.49	SF Walls	30,537.87	SF Ceiling	65,157.36	SF Walls and Ceiling
30,537.87	SF Floor	3,393.10	SY Flooring	2,047.38	LF Floor Perimeter
0.00	SF Long Wall	0.00	SF Short Wall	2,047.38	LF Ceil. Perimeter
30,537.87	Floor Area	31,071.68	Total Area	34,619.49	Interior Wall Area
22,104.53	Exterior Wall Area	1,150.17	Exterior Perimeter of Walls		
0.00	Surface Area	0.00	Number of Squares	0.00	Total Perimeter Length
0.00	Total Ridge Length	0.00	Total Hip Length		

NEELON R. ASSOCIATES

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Summary for Building

Line Item Total	1,391,301.00
Material Sales Tax	31,815.90
Subtotal	1,423,116.90
Overhead	119,473.70
Profit	119,473.70
Replacement Cost Value	\$1,662,064.30
Less Deductible	(2,500.00)
Net Claim	\$1,659,564.30

Ray Neelon

NEELON R. ASSOCIATES

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252-378-7994
e-mail: neelonandassoc@gmail.com

Recap of Taxes, Overhead and Profit

	Overhead (10%)	Profit (10%)	Material Sales Tax (6.75%)	Laundry & D/C Tax (6.75%)	Manuf. Home Tax (4.75%)	Storage Rental Tax (6.75%)	Local Food Tax (2%)	Total Tax (6.75%)	Mat Tax (Rpr/Maint) (6.75%)
Line Items									
	119,473.70	119,473.70	31,815.90	0.00	0.00	0.00	0.00	0.00	0.00
Total	119,473.70	119,473.70	31,815.90	0.00	0.00	0.00	0.00	0.00	0.00

NEELON R. ASSOCIATES

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Recap by Room**Estimate: 1310-NORTH-PARKWAY-1**

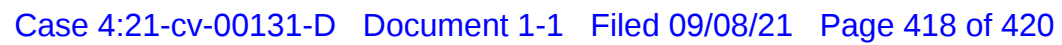
Roof	1,143,266.84	82.17%
Area: SKETCH1 Interior	228,380.00	16.41%
<hr/>		
Area Subtotal: SKETCH1	228,380.00	16.41%
Area: SKETCH2 General	19,654.16	1.41%
<hr/>		
Area Subtotal: SKETCH2	19,654.16	1.41%
<hr/>		
Subtotal of Areas	1,391,301.00	100.00%
<hr/>		
Total	1,391,301.00	100.00%

NEELON R. ASSOCIATES

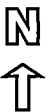
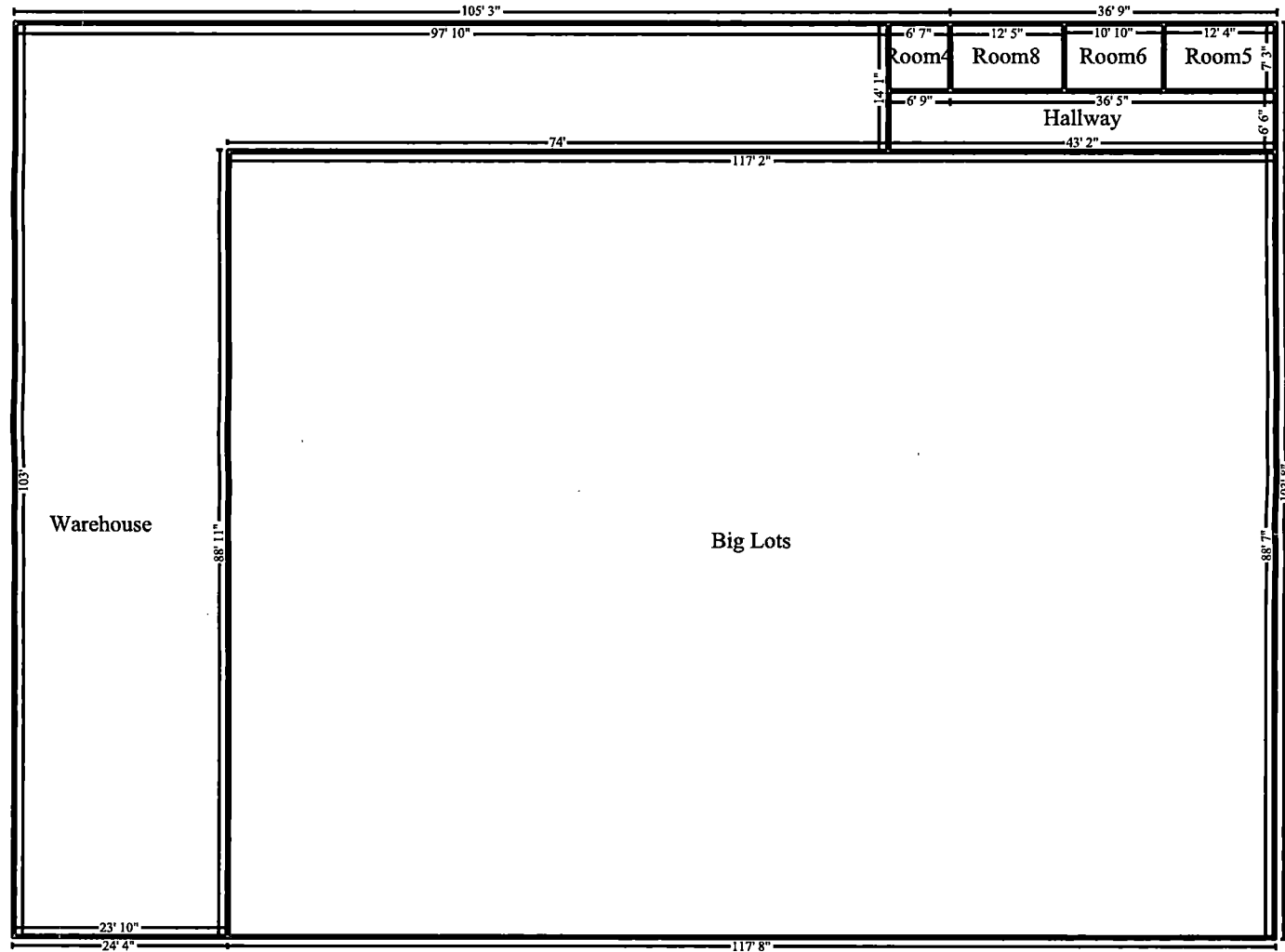
Neelon R. Associates
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e-mail: neelonandassoc@gmail.com

Recap by Category

O&P Items	Total	%
CLEANING	3,011.20	0.18%
GENERAL DEMOLITION	122,386.47	7.36%
HEAVY EQUIPMENT	7,862.00	0.47%
PERMITS AND FEES	1,080.00	0.06%
HEAT, VENT & AIR CONDITIONING	2,896.30	0.17%
PLUMBING	1,039.05	0.06%
ROOFING	1,024,070.02	61.61%
TEMPORARY REPAIRS	575.96	0.03%
O&P Items Subtotal	1,162,921.00	69.97%
Non-O&P Items	Total	%
USER DEFINED ITEMS	228,380.00	13.74%
Non-O&P Items Subtotal	228,380.00	13.74%
O&P Items Subtotal	1,162,921.00	69.97%
Material Sales Tax	31,815.90	1.91%
Overhead	119,473.70	7.19%
Profit	119,473.70	7.19%
Total	1,662,064.30	100.00%



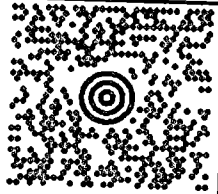



1101B-STAPLES



1101C-BIGLOTS

171604 8/18 BP

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OLIVER & CHEEK, PLLC 252-633-1930 405 MIDDLE STREET NEW BERN NC 28560		8 LBS	1 OF 1
		DWT: 12,10,5	
SHIP TO: SELECTIVE INSURANCE COMPANY OF SC C/O CORPORATION SERVICE COMPANY SUITE 1610 135 NORTH PENNSYLVANIA STREET INDIANAPOLIS IN 46204-2448			
	IN 461 9-01 		
UPS NEXT DAY AIR		1	
TRACKING #: 1Z AT0 379 01 9063 1369			
			
BILLING: P/P			
Reference#1: North Berkeley Associates, LLC			
UIS 22.0.18. WNTNV50 32.0A 08/2021*			

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SELECTIVE INSURANCE COMPANY OF
135 N PENNSYLVANIA ST
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INDIANAPOLIS IN 46204
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